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Western Europe

Agriculture and Trade Report

Situation and Outlook Series

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German unification enlarges
the European Community by
16 million people and 108,000 km².

Western Europe Agriculture and Trade Report

Situation and Outlook Series

November 1990

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Report Coordinators:

Walter H. Gardiner, Mary Lisa Madell
(202) 219-0610

Principal Contributors

Philip Brent, Ruth K. Elleson, Walter H. Gardiner, Michael T. Herlihy, David R. Kelch, Mary Lisa Madell,
Steven A. Neff, Mary Anne Normile, Kenneth R. Weiss
(202) 219-0610

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Summary

Economic growth in Western Europe has slowed to a projected annual rate of 3.2 percent in 1990, compared with 3.4 percent in 1989. This reflects a general tightening of monetary conditions to control inflation and fiscal restraint to tighten budgets. German economic and monetary union which began July 1, 1990, is expected to provide a stimulus for demand for goods and services in the years ahead. The transition to market economies in Eastern Europe is expected to have positive macroeconomic impacts on Western Europe in the long run. The recent rise in petroleum prices stemming from turmoil in the Middle East could dampen economic growth down the road.

The European Community's (EC) annual price package was adopted on April 27, 1990 and holds most prices constant in European Currency Units (ECU). As with last year's package, a number of concessions in the intervention system and agrimonetary measures were needed to secure agreement by all member states. The net effect was a slight increase in overall agricultural prices in national currencies for the coming year. The new price package is expected to add 344 million ECU (\$415 million) to the agricultural budget in 1990 and an additional 1.09 billion ECU (\$1.32 billion) in 1991.

The EC appropriated a record 30.1 billion ECU (\$36.4 billion) for agriculture in 1990, or 10 percent more than in 1989. However, EC spending through March 1990 was running 17 percent below the target indicator level. Firmer world prices for grains, sugar, and pork early in 1990 kept export refunds down. Recent declines in grain prices, depreciation of the dollar, buildups of beef stocks, compensation to pig producers for swine fever losses, delays in export subsidy payments for sugar, and rising costs of bringing East Germany under the Common Agricultural Policy (CAP) will put additional pressure on the budget later in the year. Support spending by individual countries continues to rise.

U.S. exports to the EC dropped 13 percent from fiscal 1988 to 1989, reflecting reductions in sales of oilseed products, tobacco, cotton, and livestock products. This represents the lowest value of trade since fiscal 1986 and nearly 42 percent below the 1980 peak. The United States ran an agricultural trade surplus of \$2.38 billion with the EC in fiscal 1989, but this is 30 percent less than fiscal 1980's surplus. U.S. exports for the first 9 months of fiscal 1990 were about 5 percent ahead of last year in value terms, buoyed by volume and price increases for cotton and tobacco, and larger volumes of feed grains.

The EC 1990/91 grain crop (excluding rice) is forecast to fall by 1 percent to 158.2 million tons. Most of the decline is due to the effects of dry weather in southern Europe and a shift of area into oilseeds. Oilseed production for 1990 is

forecast to increase to a record 12.8 million tons, up 17 percent over 1989 and over 3.5 percent above the previous record output in 1987. Large increases in rapeseed area in West Germany, the United Kingdom, and Denmark offset declines in France, where drought conditions were unfavorable to winter rapeseed planting. Large stabilizer price cuts for oilseeds are expected for the 1990/91 marketing year as a result of increased output, while grain stabilizers won't be activated unless the crop comes in above 160 million tons. EC grain exports are projected to reach 30.6 million tons in 1989/90, second only to the record set in 1988/89. EC imports of oilseeds and their products are expected to be higher in 1989/90.

The dairy quota and the hormone ban continue to dominate EC beef production and affect U.S. exports, although a recent outbreak of a mysterious disease among cattle in the United Kingdom (UK) could be a significant factor in the future. The embargo against Iraq has halted EC beef shipments. This could adversely affect U.S. offal shipments to the EC. Higher EC pig prices and lower feed costs are expected to lead to an increase in pig numbers. Growth in EC pork demand is moderate but prospects for higher exports to the United States and Eastern Europe are favorable. EC poultry production is expected to continue expanding into next year because of lower feed prices and continued strong export demand.

The EC's sheep and goat sector experienced continued growth in production and herd sizes in 1989. Attractive sheepmeat prices, lower prices for grains, and the introduction of the milk quota have contributed to the growth in production. A second year of drought and lagging consumer demand have put pressure on prices, prompting violent demonstrations by French farmers against imported lamb and sheepmeat.

EC milk deliveries declined 0.5 percent during 1989, as dairy cow numbers fell 1.2 percent from a year earlier and production per cow increased 0.6 percent. Skim milk powder (SMP) production increased 5.5 percent, butter production was steady, and cheese production was up 1.1 percent to a record 4.35 million tons. Final figures for the 1989/90 EC milk year are expected to show that milk deliveries were above the quota ceiling, requiring payment of the superlevy by producers in those countries exceeding their national quotas. Net exports of butter dropped 50 percent in 1989, while net exports of skim milk powder fell 40 percent. The decline reflects lower availability of public stocks which have been drawn down sharply over the past 2 years. However, stocks of dairy products are on the rise again because of structural surpluses of milk in the EC. The EC Commission and Council of Ministers have agreed to ban use of bo-

vine somatotropin (BST), at least until December 1990, to permit further study.

EC sugar beet production in 1990 is expected to rise approximately 3.6 percent above 1989 production due to favorable growing conditions. With international sugar prices higher than in any year since 1981, the EC increased net exports for the 1989/1990 marketing year by 26 percent to 3.6 million tons, raw value. In July 1990, instead of proposing a new 5-year program as expected, the Commission proposed to the Council that the current quota program be extended for 2 years. Questions about the compatibility of the system of sugar quotas with the post-1992 single market and the possible impact of the negotiations in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) were the main forces behind the decision to propose a short-term extension.

Early estimates of the EC's 1990 apple crop indicate another year of low production—slightly lower than in 1989. Spring frost damage in northern EC countries and storms during the blossoming period in some of the southern countries have hindered overall EC production this year. U.S. apple and pear exports to the EC in 1990 are ahead of 1989 due to a combination of increased exportable supplies in the United States and reduced production in the EC. U.S. grape exports are expected to benefit from rising demand in the United Kingdom and the Nordic Countries.

The harmonization of procedures for intra-Community trade in fresh products, especially fruit, is an essential prerequisite for the establishment of a Single Market by 1992. U.S. fresh fruit exports to the EC will continue to encounter quality controls at the border after 1992, but once admitted to the EC, imported fruit would be treated the same as domestically produced goods.

EC cotton supplies were tight in 1989/90 and the situation is expected to continue through 1990/91. The EC, a net cotton importer, obtained 66 percent of its cotton consumption from imports, primarily from the United States, the USSR, and Pakistan. Changes in fashion trends and an upswing in the German and Italian textile industries contributed to the recent increase in U.S. exports. Continuing tightness in the world market, and the drawdown of EC cotton stocks may allow the United States to continue exporting at these increased levels in fiscal 1990.

EC tobacco production is estimated to have increased over 3 percent in 1989, to 411,208 tons. Portugal, Spain, and Italy all showed significant production growth. For 1990, produc-

tion is expected to drop somewhat. By 1993, a maximum tar content of 15 mg per cigarette will be in force for the entire EC, and the Commission has proposed greater limits on advertising and on smoking in public buildings and a ban on outdoor vending machines. Demand for EC tobacco products may grow as a result of reform in Eastern Europe.

The unification of East and West Germany proceeded more quickly than could have been anticipated in November 1989, when the Berlin Wall was dismantled. As part of a unified Germany, East Germany came under EC law and the CAP on October 3, 1990. Unification will have profound effects on the agricultural economies of both Germanies, and on the future of the CAP. EC milk and sugar quotas have been expanded to accommodate East German production.

The EC has a separate set of exchange rates known as "green rates" which apply to the agricultural sector. The Agrimonetary System which includes the green rates and monetary compensatory amounts (border taxes and subsidies) is incompatible with the EC's Project 1992 goals and is under pressure for reform.

EC milk and sugar quotas are operated on a national basis and inhibit competition within and among countries. The EC has not yet decided whether, or how, these national production quotas may change because of Project 1992. The 1992 program is a strong force for reducing the rigidity of the quota systems and could result in greater productive efficiency, lower production and consumer costs, and reduced expenditures on export subsidies.

The EC has made rapid progress toward the completion of full economic integration by January 1, 1993. German unification and economic reform in Eastern Europe have injected a sense of urgency into the completion of the internal market and have prompted further movement on the issues of monetary and political union. The nations of the European Free Trade Area (EFTA) are seeking closer ties with the EC before the completion of the EC's internal market in 1992 through the European Economic Space negotiations.

Negotiations in the Uruguay Round are scheduled to conclude in December, 1990. An agreement on agriculture is crucial to the success of the entire Round. The United States and the EC are major competitors in world agricultural markets, as well as key trading partners. Important differences exist between the two in the structure of agriculture, and its role in the overall economy. These differences influence their respective positions in the Uruguay Round of multilateral trade negotiations.

General Economic Situation

Economic Growth Moderates

There has been a general slowing of economic growth in Western Europe to a projected annual rate of 3.2 percent in 1990, compared with 3.4 percent in 1989 (figures 1 and 2). This reflects a general tightening of monetary conditions to control inflation and fiscal restraint to tighten budgets. The general rise in interest rates is expected to moderate the growth of aggregate demand to more sustainable levels in 1990 and 1991.

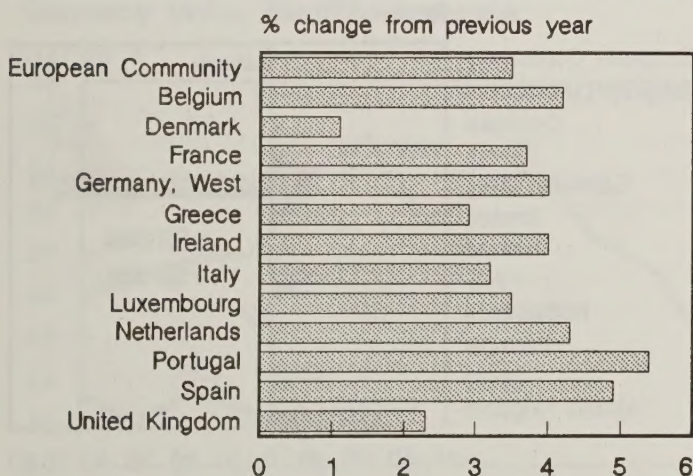
One exception to restrictive monetary and fiscal policies in 1990 is West Germany where economic and monetary union with East Germany, which began July 1, has required a rise in the money supply as Ostmarks were exchanged for Deutschmarks and larger budget outlays were required to pay for the additional social costs (pensions, unemployment, health insurance). This is expected to provide a stimulus for demand for goods and services in the years ahead.

The transition to market economies in Central and Eastern Europe is expected to have important macroeconomic impacts on Western Europe. Increased credit demand for funding investment in Central and Eastern Europe is helping push up real interest rates. Shifts in private investment funds away from Western Europe's poorer regions could stunt their growth prospects.

Inflation Down in 1989, Future Uncertain

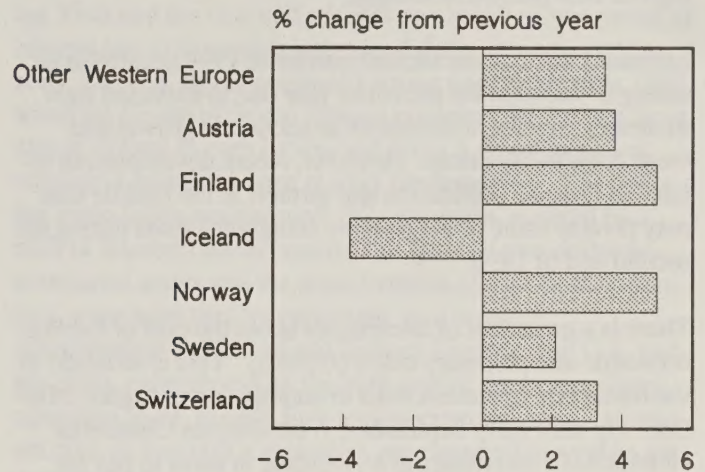
Consumer prices in Western Europe rose to an annual rate of 4.8 percent in 1989, up nearly 1.5 percentage points from the previous year (figures 3 and 4). The rise is attributed to price increases for basic commodities (food, energy, metals), high capacity utilization, wage increases, and higher indirect

Figure 1
EC Growth of Real GDP, 1989



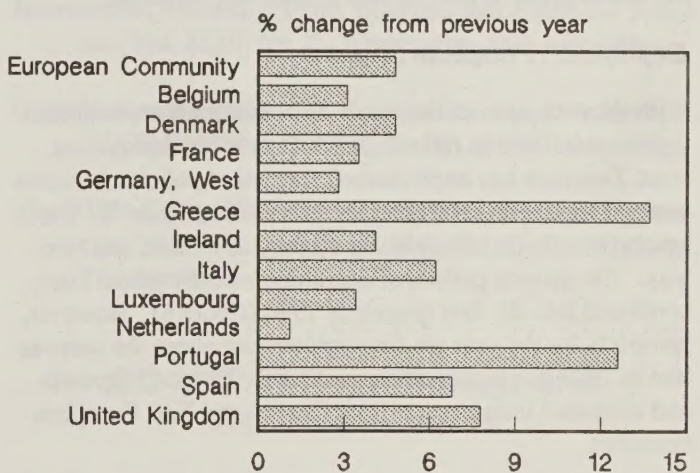
Source: OECD.

Figure 2
Other Western Europe Growth of Real GDP, 1989



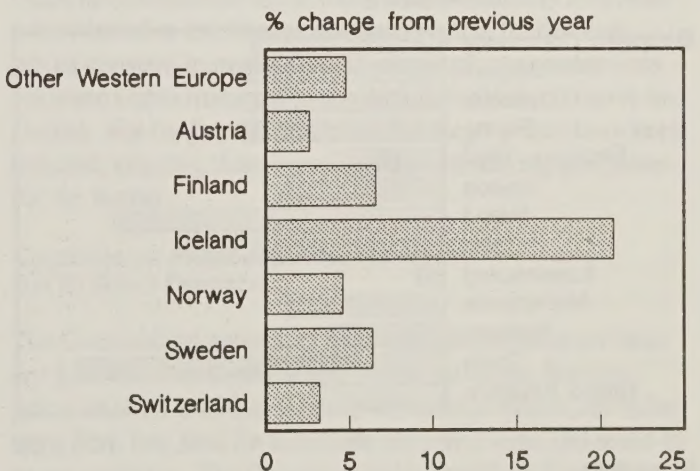
Source: OECD.

Figure 3
EC Consumer Prices, 1989



Source: IMF.

Figure 4
Other Western Europe Consumer Prices, 1989



Source: IMF.

taxes. Inflation varied widely throughout Western Europe in 1989 from a low of 1.1 percent in the Netherlands to a high of 20.8 percent in Iceland.

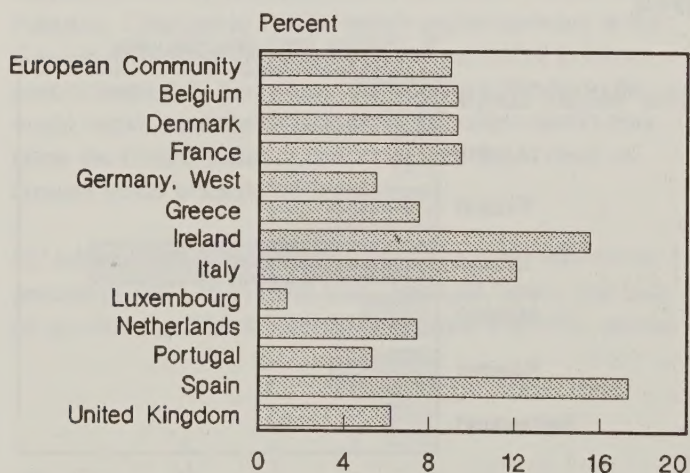
Estimates made in the second quarter of 1990 pointed to an easing of inflation for the entire year due to expected tight monetary policies, a slowdown in economic growth and weak commodity prices. However, recent developments related to German unification and turmoil in the Middle East may reverse some of the positive economic trends during the second half of 1990.

There is a great deal of uncertainty about the cost of German economic and monetary union (GEMU). This is reflected in the recent rise in interest rates in anticipation of higher inflation. Up until early September, West German Chancellor Helmut Kohl had ruled out an increase in taxes to pay for GEMU, though higher-than-expected costs in terms of unemployment and business failures will likely necessitate a rise in taxes sometime after the all-German elections in December. The date for official unification of the two Germanies was pushed up from December to October 3 which enables EC law to apply in the German Democratic Republic.

Employment Prospects Stagnate

With the exception of Denmark, EC labor market conditions tightened in 1989 as reflected by a drop in unemployment rates. Denmark has implemented restrictive policies in recent years to reduce its external trade imbalance (figure 5). Unemployment rates were also up slightly in Iceland and Norway. The general pattern of declining unemployment rates continued into the first quarter of 1990 (figure 6). However, prospects for the year are for a jobless rate about the same as that in 1989 due to slower-than-expected economic growth and increased immigration from Central and East European countries.

Figure 5
EC Unemployment Rates, 1989



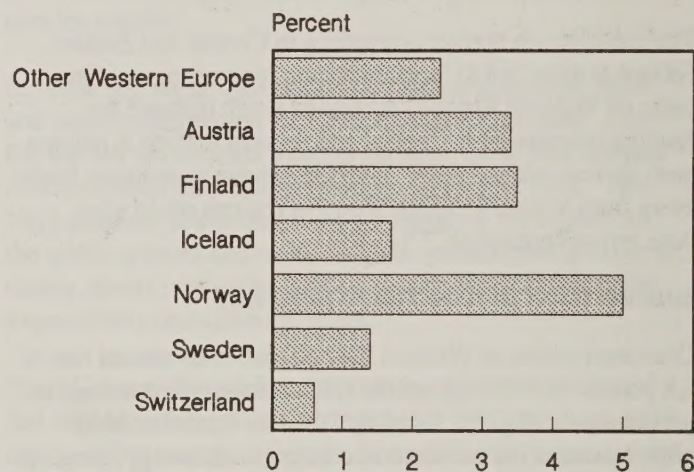
Source: OECD.

Deteriorating Trade Balances in 1989 To Improve in 1990

Current account balances for Western Europe in 1989 declined sharply from a year earlier—from \$10.37 billion to \$0.96 billion. The deterioration in trade balances for the region was attributed primarily to increased deficits in Spain, the United Kingdom, Italy and Greece (figure 7). Countries showing significant improvements in their current account positions included Iceland, Norway, Switzerland, the Netherlands, Ireland, and Austria (figures 7 and 8).

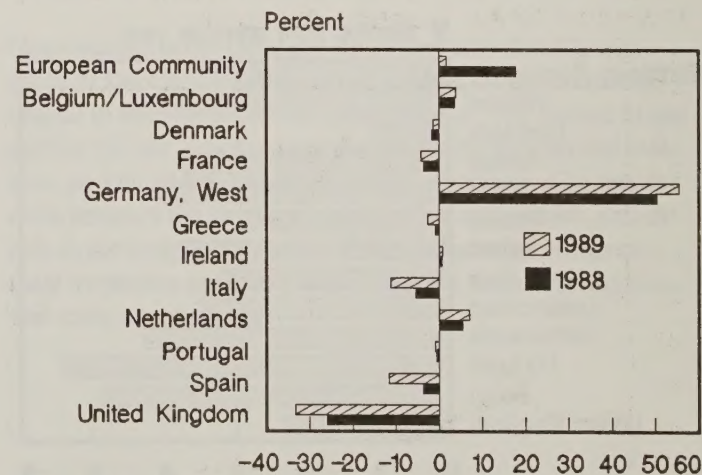
Trade prospects for Western Europe are expected to improve substantially in 1990 primarily as a result of the opening up of trade with Eastern Europe. The West should ship more consumer and industrial goods to the East, while the East ships more basic commodities to the West.

Figure 6
Other Western Europe Unemployment Rates, 1989



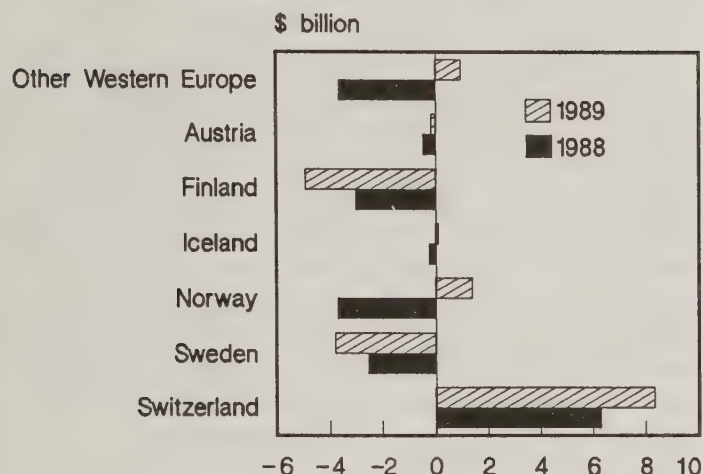
Source: OECD.

Figure 7
EC Current Account Balances



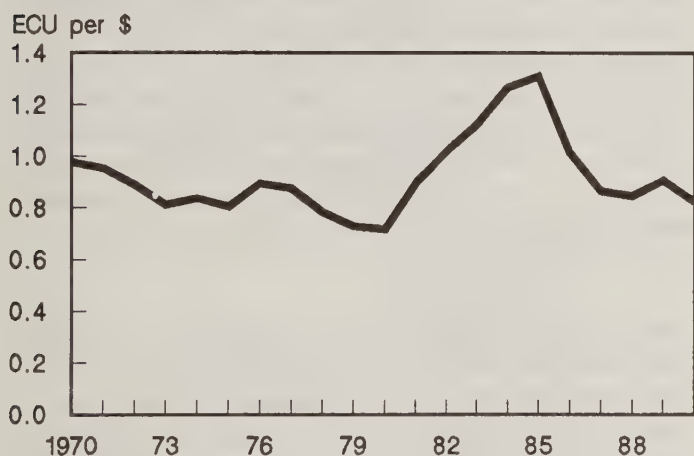
Source: IMF, WEFA.

Figure 8
Other Western Europe Current Account Balances



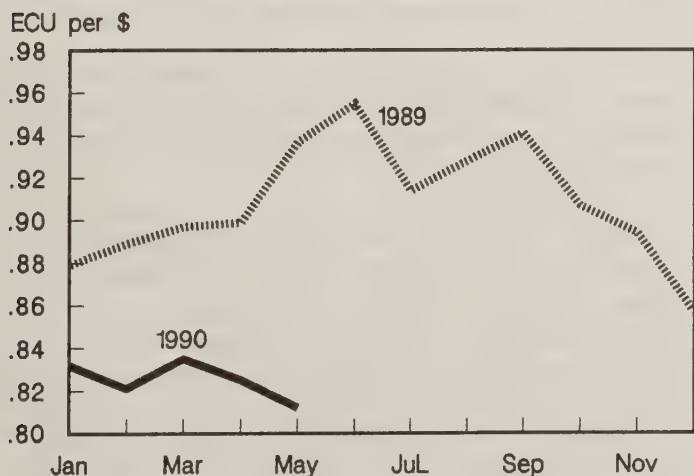
Source: IMF, WEFA.

Figure 9
Value of the U.S. Dollar in European Currency Units*



* Jan.-May. average for 1990.
Source: Eurostat.

Figure 10
Value of the U.S. Dollar in European Currency Units, Monthly Averages



Source: Eurostat.

U.S. Dollar Reverses Direction

The U.S. dollar strengthened against most EC currencies during 1988 and the first half of 1989 as a result of narrowing of interest rate differentials in favor of dollar-denominated assets. The U.S. dollar continued strong until September 1989 when the Group of Seven finance ministers agreed to a large sale of dollars to curb its rise and bring it down to a level consistent with long-term market fundamentals. The dollar has since fallen against most EC currencies, assisted by a shift of interest rate differentials in favor of non-dollar denominated assets and the attractiveness of European currencies, especially the Deutschmark, as a result of developments in Central and Eastern Europe. The U.S. budget crisis, exacerbated by the high cost of the U.S. military operation in the Middle East and an expected easing of interest rates to stave off a recession, are expected to weaken the dollar further.

[Walter H. Gardiner and Philip Brent (202) 219-0610]

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- Organization for Economic Cooperation and Development. *OECD Economic Outlook*, No. 47. Paris: June 1990.
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EC 1990/91 Price Package and Related Measures

The Council of the EC approved the package of agricultural prices for 1990/91 on April 27, 1990, after an all-night negotiating session. Eleven of the twelve member states agreed to the plan; France abstained from voting because its demand for a reduction in the dairy coresponsibility levy was not included in the final package. The plan holds most prices constant in nominal ECU, although price reductions for some citrus fruits and some varieties of tobacco were included. For beef, milk, and pork, the target prices have been reduced, aligning them more closely with the support price for the farmer.

Commission Proposes Price Restraint, Aid to Small Farmers

The Commission submitted its proposals on prices on January 5, 1990. The Commission's plan called for freezing prices in ECU at 1989/90 levels for most products, for reductions for a few, and for increases for white wine and some tobacco varieties. The Commission proposed a 3.8-percent cut in the intervention price of durum wheat and a 3-percent re-

duction in the special premium for breadmaking wheat. The basic prices for all citrus fruits were to be reduced by 7.5 percent. Prices for red and white wine were to be converged, with a 1.5-percent cut in the red wine price and a 1.6-percent increase in the white wine price. Prices for less saleable Group V tobacco varieties were to be cut by about 17 percent, and raised by a comparable amount for more popular Burley types. The Commission also proposed a 6.6-percent cut in the basic price for pigmeat.

The Commission's proposal also included measures designed to help small farmers especially affected by recent reforms. The Commission's proposals reflect its intention, expressed in its July 1988 communication, "The Future of the Rural Society", to mitigate the effects of recent reforms on small producers. A number of measures were put forward by the Commission:

- introduction of a per hectare premium on the cultivation of minor cereals such as millet, canary seed and buckwheat, which can substitute for wheat and barley production;
- the introduction of a per hectare subsidy for small crop farmers (excluding area devoted to sugar beet);
- the extension of the suckler premium to small, mixed dairy/beef herds;
- redistribution of dairy quotas to small farmers in less favored areas; and
- increases in the ewe premium for herds in less favored areas.

Pressures to Relax Producer Levies and Quotas

This year's negotiations on the price package were less stormy than the negotiations which marked the early 1980's. As the Council entered negotiations on the price package, the delegations were willing to accept the price freezes put forward by the Commission. However, some national farm ministers pressed for the abolition of the coresponsibility levies (CRLs) for dairy and grains. The proposals for the redistribution of dairy quotas, for special payments to small cereals farmers, and for agrimonetary changes all faced opposition from at least one member state.

The negotiations among member states' agriculture ministers highlighted the differences between northern and southern countries. Southern countries resented the proposals to cut durum wheat and citrus prices and to impose further restrictions on the wine and tobacco regimes. These products are all important to Mediterranean agriculture. Meanwhile, important northern commodities, particularly dairy, did not face similar cuts. The northern EC countries, whose average

farm sizes are much greater than those in the Mediterranean countries, opposed the Commission's proposed 20-hectare limit for aid to small arable farmers.

COPA, the Community-wide producer organization, called upon the Commission to increase the buying-in price for grains (the price which the intervention agency pays the farmer) from 94 percent to 97 percent of the intervention price. Farm groups throughout the Community staged demonstrations protesting prices in general, and the stabilizers in particular. The European Parliament threw its support behind the farmers and the Council in calling for the suspension of the CRLs for dairy and cereals. In its opinion, which the Commission must solicit but need not heed, the Parliament further wanted the buying-in price increased to 97 percent of the intervention price. It also opposed the cuts in citrus fruit prices and in the beef, pork, and milk target prices.

The Final 1990/91 Price Package

Like last year's package, the 1990/91 agreement maintains the freeze in ECU for most intervention prices, but contains important concessions on agrimonetary measures (see Glossary and special article) and the rules on intervention buying (table 1). Green rates for the UK and Greece were devalued, which means that their producers will receive higher prices in national currency. The strong currency countries of Germany and the Netherlands did not have to accept a revaluation of the green rates for cereals, which would have cut prices to their producers.

Farmers will benefit from significant reductions in the time it takes to be paid for grain and butter sold into EC intervention. Instead of waiting 110 days to receive intervention payments, producers will only have to wait 30 days for grain and 45 days for butter. The monthly increments in the intervention price for cereals were increased to 1.5 ECU/ton per month (for durum wheat, to 2.03 ECU/ton). These measures will increase the support farmers receive and will offset at least part of the impact of the stabilizers for grains (see "Commodity Market Highlights and Policy Developments—Grains").

The net effect of concessions in the intervention system and agrimonetary measures is for a slight increase in overall agricultural prices in national currencies for the coming year (table 2).

The Council approved the measures the Commission suggested for aiding small farmers, with the exception of the minor cereals subsidy. Sheep farmers in less favored areas (LFAs) will receive an additional 4 ECU per ewe on top of the annual ewe premium, and the suckler cow premium was extended to mixed dairy/beef herds. A milk quota buy up program will be instituted to reallocate quotas to dairy farms in the LFAs, and the system of national payments to small

Table 1--EC agricultural policy prices, 1989/90 and 1990/91

Product	Type of price	Period	1989/90 1/	1990/91 1/	Change
			---- ECU per ton ----		Percent
Soft wheat	target	7/1/90 - 6/30/91	247.78	247.78	0
	intervention (bread) 2/		179.44	179.44	0
	intervention (feed)		170.47	170.47	0
Durum wheat	target	7/1/90 - 6/30/91	315.39	304.41	-3.5
	intervention		261.09	251.22	-3.8
	aid/ha		158.98	171.43	7.8
Barley	target	7/1/90 - 6/30/91	225.48	225.48	0
	intervention		170.47	170.47	0
Corn	target	7/1/90 - 6/30/91	225.48	225.48	0
	intervention		179.44	179.44	0
Sorghum	target	7/1/90 - 6/30/91	225.48	225.48	0
	intervention		170.47	170.47	0
Rye	target	7/1/90 - 6/30/91	225.48	225.48	0
	intervention 2/		170.47	170.47	0
Rice	target (husked)	9/1/90 - 8/31/91	546.88	546.88	0
	intervention (paddy)		314.19	314.19	0
	aid/ha		300.00	250.00	-16.7
Sugar	basic, beet	7/1/90 - 6/30/91	40.07	40.07	0
	intervention, white		531.00	531.00	0
Rapeseed	target	7/1/90 - 6/30/91	450.20	450.20	0
	intervention		407.60	407.60	0
Sunflower	target	8/1/90 - 7/31/91	583.50	583.50	0
	intervention		534.70	534.70	0
Soybeans	guide	9/1/90 - 8/31/91	558.50	558.50	0
	minimum		489.40	489.40	0
Olive oil	production target	11/1/90 - 10/31/91	3,225.60	3,225.60	0
	intervention		2,162.40	2,162.40	0
	production aid		709.50	709.50	0
Dried fodder	guide	5/14/90 - 4/30/91	178.92	178.92	0
Peas and beans	activating	7/1/90 - 6/30/91	447.60	447.60	0
	guide		295.20	295.20	0
	minimum, peas		257.70	257.70	0
	minimum, beans		238.70	238.70	0
Lupins	activating	7/1/90 - 6/30/91	430.50	430.50	0
	minimum		289.00	289.00	0
Dairy	milk target	5/14/90 - 3/31/91	278.40	268.60	-3.5
	butter intervention 3/		2,932.80	2,932.80	0
	SMP intervention		1,727.30	1,727.30	0
	cheese intervention:				
	Grana padano				
	- 30 - 60 days		3,889.30	3,803.20	-2.2
	- 6 months		4,803.30	4,712.40	-1.9
	Parmigiano-Reggiano				
	- 6 months		5,291.90	5,201.00	-1.7
Beef and veal	adult cattle	5/14/90 - 3/31/91			
	- guide (liveweight)		2,050.20	2,000.00	-2.5
	- intervention (deadweight)				
	R3 cat. A		3,440.00	3,440.00	0
	R3 cat. C		3,440.00	3,440.00	0
Sheepmeat	basic (slaughter wt.)	1/6/90 - 1/3/91	4,323.20	4,323.20	0
Pigmeat	basic (slaughter wt.)	7/1/90 - 6/30/91	2,033.30	1,900.00	-6.6
Flax	guide (seed)	8/1/90 - 7/31/91	554.10	554.10	0
	aid/ha (textile)		375.09	375.00	0
Hemp	aid/ha	8/1/90 - 7/31/91	340.00	340.00	0
	aid/ha for hempseed		250.00	250.00	0
Silkworms	aid/box	4/1/90 - 3/31/91	112.00	112.00	0
Cotton	guide	9/1/90 - 8/31/91	960.20	960.20	0
	minimum		912.30	912.30	0
Fruits and vegetables	basic 4/		4/	4/	0 to -7.5
Table wine	guide	9/1/90 - 8/31/91			
	RI (ECU/degree hl)		3.27	3.22	-1.5
	RII (ECU/degree hl)		3.27	3.22	-1.5
	RIII (ECU/hl)		52.23	52.23	0
	AI (ECU/degree hl)		3.17	3.22	1.6
	AII (ECU/hl)		69.60	69.60	0
	AIII (ECU/hl)		79.49	79.49	0
Raw tobacco	Price	(1990 harvest)	5/	5/	0
	Premium		5/	5/	0

1/ Not including the effect of applying the stabilizers.

2/ For the 1989/90 marketing year, this price was increased by 3.48 ECU per ton for higher quality breadmaking wheat. A premium of 3.38 ECU per ton is maintained for 1990/91. The intervention price for breadmaking-quality rye was increased by a special premium of 8.70 ECU per ton. A premium of 8.44 ECU per ton was set for 1990/91.

3/ Includes the effect of the reduction applied after the 1 percent increase in the milk quota.

4/ All prices remained unchanged except for mandarins and sweet oranges (-7.5 percent), and lemons, clementines and satsumas (-3.0 percent).

5/ Prices for specific commodities or varieties not listed. The premium for Burley I was reduced from 2,033 ECU to 2,013 ECU and the premium for Kentucky was increased from 1,819 ECU to 1,905 ECU.

Source: Commission of the European Communities. "Commission Proposals on the Prices for Agricultural Products and Related Measures." Com (89) 6000, Brussels, Jan. 5, 1990; Agra Europe, April 27 and May 4, 1990, and European Report, No. 1584, May 5, 1990.

cereal producers will be continued. The Council adopted a 30-hectare size limit for the EC system, which will replace national programs when it becomes compulsory in 2 years, rather than the 20-hectare limit proposed by the Commission.

Although the package to some extent undermines efforts to control overproduction with the stabilizer (table 3), the EC is still worried about chronic surpluses. The Council directed the Commission to review the operation of the stabilizer and the set-aside scheme, and to make new proposals on establishing premiums for incorporating grain into animal feeds. The Council is also exploring ways to promote the nonfood

use of agricultural raw materials and will decide how to implement agro-industrial demonstration projects.

The EC's Agriculture Commissioner estimated that the new price package would result in a 344 million ECU increase in the agriculture budget in 1990, and 1.09 billion ECU more in 1991. So far, the 1990 agriculture budget is running 2 billion ECU below target, so the increase should not cause difficulties. High world prices for many commodities have helped keep the agriculture budget under control, by reducing expenditure on export subsidies. In view of the favorable budget situation, it is understandable that the EC decided it could accommodate most EC farmers and maintain most current policy prices.

Table 2--Effects of green rate changes on EC support prices

	% price change 1990/91 over 1989/90	
	In ECU 1/	In national currency 2/
	-----Percent-----	
Belgium	-1.9	-1.9
Denmark	-2.3	-2.3
France	-0.7	0.7
Germany, West	-1.5	-2.0
Greece	-1.1	7.6
Ireland	-0.4	0.7
Italy	-1.3	0.1
Luxembourg	-0.6	-0.6
Netherlands	-1.9	-1.9
Portugal	0.7	5.4
Spain	-0.4	-1.2
United Kingdom	-0.8	4.1
EC 12	-1.1	0.2

1/ Support price (intervention price or equivalent), weighted according to the share of the various products in the value of agricultural production covered by common prices.

2/ Common prices in ECU, converted at green rates in Commission proposal. Includes the effect of alignment of Spanish and Portuguese prices, but does not reflect green rates actually adopted by Council.

Source: EC Commission, Commission Proposals.

[Mary Lisa Madell (202) 219-0610]

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Table 3--Effect of stabilizers on support prices

Commodity	Price	1988/89	1989/90	1990/91	% Change '89 to '90
Grains					
Wheat	intervention	179.44	174.06	168.84	-3.0%
Barley	intervention	170.47	165.36	160.40	-3.0%
Maize	intervention	179.44	174.06	168.84	-3.0%
Sorghum	intervention	170.47	165.36	160.40	-3.0%
Rye	intervention	170.47	165.36	160.40	-3.0%
Durum Wheat	intervention	276.34	253.26	236.38	-6.7%
Oilseeds					
Rapeseed					
Spain	target	408.60	414.50	420.30	1.4%
Other EC	target	415.80	436.20	379.70	-13.0%
Sunflower					
Spain	target	462.80	480.00	497.10	3.6%
Other EC	target	468.00	547.50	unknown 1/	
Soybeans	guide	500.70	450.70	unknown 1/	
Pulses					
Field beans	minimum	222.00	215.10	179.30	-16.6%
Peas	minimum	231.10	234.10	198.30	-15.3%
Lupins	minimum	259.60	265.40	229.50	-13.5%
Sheepmeat					
Britain	basic 2/	4222.33	3934.11	3847.65	-2.2%
Other EC	basic 2/	4222.33	4193.50	4009.77	-4.4%

1/ Amount of stabilizer cut to be determined.

2/ Stabilizer cut on only 7 months of 1988. Figures for 1989 and 1990 are provisional.

Source: EC Commission, Commission Proposals; CAP Monitor, and Agra Europe, various issues.

EC Expenditures on Agricultural Support

Budget Savings Could Evaporate

For the 1990 financial year (October 16, 1989 - October 15, 1990), the EC appropriated a record 30.1 billion ECU (\$36.3 billion) for agriculture, or 10 percent more than 1989 spending (table 4, figure 11). However, EC spending on market support between October 16, 1989, and March 31, 1990, totalled 10.3 million ECU, or 17 percent below the target indicator level for this period. The main causes of under-spending were firmer world prices for grains, sugar, and pork early in the year which kept export refunds down. Except for protein crops and tobacco, actual spending for all sectors was running below the target level.

This favorable budget development was tempered somewhat by the reopening of the full beef intervention in the United Kingdom and Ireland during the first week of June 1990,

which could mean a possible large buildup in stocks and associated budget outlays in the second half of the year. Furthermore, the estimated EC budget cost of 37 million ECU for compensating Belgian pig producers for losses caused by classical swine fever earlier in the year has yet to be charged against the budget. Delays in the EC's export refund program for sugar mean higher expenditures later in the year. Finally, the sharp drop in grain prices in recent months, resulting from larger world grain crops in 1990, along with the costs of bringing East German agriculture under the CAP, will put additional pressure on the budget later in the year.

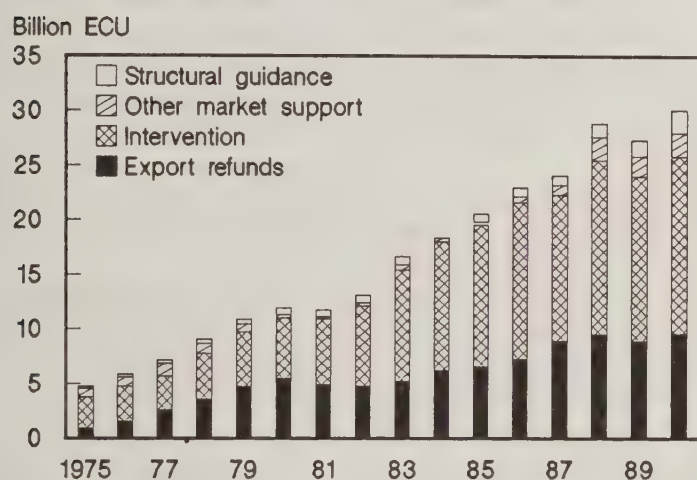
Budget transfers this season to deal with changing market situations have included shifts in funds originally allocated for grains and sugar, over to spending on monetary compensatory amounts (MCAs) because of depreciation of the United Kingdom pound and the Greek drachma (*Agra Europe*, June 8, 1990).

EC Agriculture Spending Down in 1989

EC budget outlays for agricultural support totalled 27.3 billion ECU (or \$30.1 billion) in 1989. This reflects a savings of 1.6 billion ECU, or nearly 5 percent of the 28.9 billion ECU appropriated for 1989. The budget savings were due in part to the appreciation of the U.S. dollar against the ECU during 1989. This resulted in savings on export subsidies, especially for grains, and on crushing subsidies for the oilseeds sector. The budget savings were transferred to the monetary reserve that is used to offset the impact of exchange rate fluctuations on commodity markets.

It is difficult to compare expenditures for 1989 with the preceding 2 years because of changes made in the dates of the financial year to deal with overspending. The 1987 financial year covered only 10 months (January 1 - October 31); the 1988 financial year was 11.5 months (November 1, 1987 - October 15, 1988); and the 1989 and all subsequent financial years are 12 months (October 16, previous year - October 15 of the current year). However, comparison of the 1989 bud-

Figure 11
CAP Expenditures by Support Mechanism



Source: EC Commission.

Table 4--EC CAP expenditures by support mechanism

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990 1/
-----Million ECU-----											
Export refunds	5,452	4,939	4,764	5,221	6,204	6,588	7,239	8,888	9,543	8,873	9,564
Intervention	5,564	5,964	7,328	10,211	11,792	12,929	14,358	13,373	15,959	15,107	16,284
Other market support	299	238	313	489	376	326	595	914	2,156	1,892	2,144
Structural guidance	580	576	650	728	676	720	774	909	1,203	1,434	2,073
Total agricultural spending	11,895	11,717	13,056	16,648	19,048	20,563	22,967	24,085	28,861	27,306	30,065
Exchange rate (\$/ECU)	1.3923	1.1165	0.9797	0.8902	0.7890	0.7631	0.9837	1.1544	1.1825	1.1017	1.2059 2/
Total agricultural spending (Million \$)	16,561	13,082	12,791	14,820	15,029	15,692	22,593	27,804	34,128	30,083	36,255

1/ Estimate

2/ Based on January - May average.

* Note: 1989 and 1990 numbers for Intervention and Export Refunds are estimated based on 1986-88 average share of total expenditures, less other market support, times estimated totals for 1989 and 1990.

Source: EC Commission, *Agricultural Situation in the Community*, various years.

get expenditures with the last full year—1986—indicate a 19-percent increase over this period, or about 6 percent per year since the Uruguay Round of multilateral trade talks began.

Spending on agricultural support required 61 percent of the EC's budget resources in 1989, down from 69 percent in the previous year, and 75 percent in 1980 (table 5, figure 12). Sources of EC revenue include the value-added tax (VAT), a consumption tax paid by all member countries; customs duties on imports; levies paid on agricultural imports; levies related to support of the domestic sugar market, and other revenue.

Rising Support by Member Countries Causes Concern

Expenditures for agricultural support from the EC budget do not include spending by individual member countries. According to EC Commission data published by the Organization for Economic Cooperation and Development (OECD), West Germany and France had the largest public expendi-

tures for agriculture among EC member countries, and showed the largest rate of increase through the mid-1980's (OECD, 1989). In West Germany, public spending on the agricultural sector totalled 10.56 billion marks (\$3.59 billion) in 1985, a 12-percent increase since 1979. France's national public expenditures on agriculture totalled 72.09

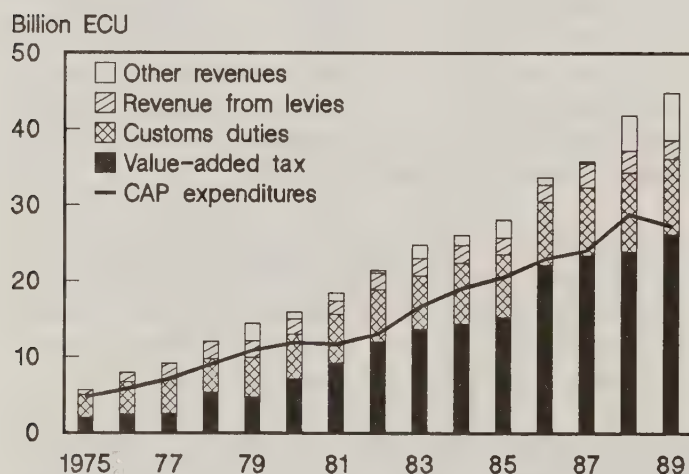
The Two Sections of the CAP Budget

The EC's spending to support its Common Agricultural Policy is divided into two major sections: the Guarantee Section and the Guidance Section. The Guarantee Section is primarily for market support and includes expenditures for intervention (storage, production premiums, and processing subsidies), export refunds, exchange rate stabilization measures, disposal of agricultural stocks and set-aside payments. The Guarantee Section accounts for about 95 percent of EC spending on agriculture, 60 percent of which goes for intervention measures, 35 percent for export refunds, and 5 percent for other measures (figure 11). The budget reforms that came out of the EC Council of February 1988 limit the future growth of the Guarantee Section to 74 percent of the rate of increase of the EC's gross national product.

The Guidance Section covers EC expenditures related to projects for improving agricultural structures and has accounted for 4-5 percent of agricultural spending during the 1980's. Following the reforms adopted at the EC Council of February 1988, the Guidance Section will play a greater role in the future for providing assistance that is not commodity specific. This includes assistance for "extensification" of production (reducing input use), conversion to commodities that are not in surplus, and early retirement programs for farmers.

Figure 12

EC Revenue by Source



Source: EC Commission.

Table 5--EC Revenue by source and CAP expenditures

Source	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
-----Million ECU-----										
Revenue										
Value-added tax (VAT)	7,094	9,188	12,001	13,699	14,372	15,219	22,223	23,464	23,928	26,219
Customs duties	5,906	6,392	6,815	6,989	7,961	8,310	8,173	8,937	10,345	9,954
Revenue from levies	2,002	1,747	2,228	2,295	2,436	2,179	2,287	3,098	2,895	2,463
Other revenue	902	1,122	384	1,783	1,283	2,377	984	286	4,675	6,202
Total revenue	15,903	18,449	21,428	24,766	26,052	28,085	33,667	35,783	41,843	44,838
CAP expenditures	11,895	11,717	13,056	16,648	19,048	20,563	22,967	24,085	28,861	27,306
CAP's share (%)	75	64	61	67	73	73	68	67	69	61

Source: EC Commission, *Agricultural Situation in the Community*, various years.

billion francs (\$10.41 billion) in 1986, up fourfold from 1979. French expenditures included payments for structural improvements (14 percent), national disasters (1.5 percent), rural development programs (1 percent), processing and marketing assistance (1.2 percent), market support (.4 percent), financial aid (9 percent), research and training (.2 percent), social security (71 percent), and tax concessions (1.8 percent).

In calculating producer subsidy equivalents (PSE), however, the OECD adjusted these large national public expenditures on agriculture to determine the amount of expenditures going directly to support production. The adjustments included deductions for the cost of rural development programs, consumption subsidies (a small component of market support), social security payments, and tax concessions. This brought West German public expenditures down to 3.15 billion marks (\$1.07 billion) and French outlays down to 19.13 billion francs (\$2.76 billion). The amount of production-related support paid by 10 of the EC member countries (Spain and Portugal not included) totalled 9.974 billion ECU (\$9.81 billion) in 1986, up 24 percent from 1979. This is in addition to 22.97 billion ECU (\$22.59 billion) of EC budget support for agriculture in 1986. EC Commission officials are concerned that member countries might try to offset budget and policy reforms at the EC level by protecting and subsidizing their agricultural sectors at the national level (*Agra Europe*, Jan. 12, 1990).

[Walter H. Gardiner (202) 219-0610]

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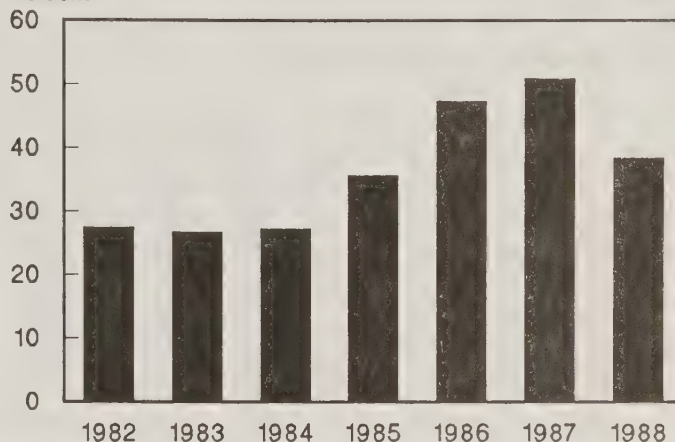
EC Producer Subsidy Equivalents Decline in 1988

Support provided by the Community to producers of the main agricultural commodities, as measured by the Producer Subsidy Equivalent (PSE), declined in 1988. Support rose every year from 1982 to 1987, peaking in 1987 when produc-

Figure 13

Aggregate EC Producer Subsidy Equivalents, 1982-88

Percent



Source: ERS.

ers received over 57 billion ECU (\$66 billion) in support from the Community budget and EC consumers (figure 13). This support was equivalent to 51 percent of the value of production of these commodities. Aggregate support declined in 1988 to 50 billion ECU (\$53 billion), representing 38 percent of the value of output, due largely to higher world prices for many commodities.

The PSE measures the amount of income needed to compensate farmers for the elimination of government programs. The PSE for most EC commodities is based on the difference between internal farmgate prices and the corresponding world market price. The price difference captures the effects of all support programs that affect producer price, including government expenditures for intervention purchases, variable levies, tariffs, export subsidies, and import quotas. Direct payments and other expenditures on nonprice support are added to the price-gap calculation. The commodities covered (common and durum wheat, barley, corn, and rice; rapeseed and soybeans; milk; sugar; beef and veal, pork, poultrymeat and sheepmeat) account for about 70 percent of the value of agricultural production in the Community.

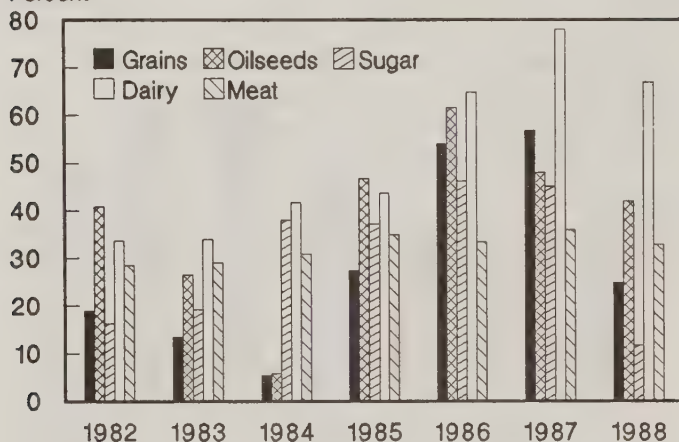
The PSE currently measures only the support provided by Community programs. The value of support provided by member countries, which includes assistance for structural adjustment, rural development, and programs to increase agricultural productivity, is not measured.

Support—as measured by the PSE—declined for most commodities (most grains, dairy products, and sheepmeat) due to higher world prices, aided by lower producer prices for others (oilseeds, sugar, rice, corn, and pork) (figure 14). Support to beef and veal producers remained unchanged—higher world beef prices offset an increase in the EC internal price. Only poultrymeat showed an increase in support over 1987.

Figure 14

EC Producer Subsidy Equivalents by Commodity Group

Percent



Source: ERS.

The PSE estimates suggest that the changes in the Common Agricultural Policy (CAP) since the mid-1980's have had little effect on the share of revenues that producers receive through government support programs. Only a few commodities—sugar, rapeseed, and corn—showed producer prices falling enough to have a significant impact on measured support. Prices received by producers of beef, milk, and most grains rose from 1987 to 1988. In most cases, lower estimates of support can be traced to the effect of the 1988 North American drought on world commodity prices and the rising value of the dollar over 1987—a stronger dollar translates into higher ECU-denominated reference prices, and a smaller price gap. A tighter world dairy market also boosted prices for dairy products, producing a large drop in measured support.

[Mary Anne Normile (202) 786-1611]

U.S. - EC Agricultural Trade

U.S. Exports Off Sharply From Peak

U.S. exports of agricultural products to the EC-12 for fiscal 1989 (October 1988-Sept. 1989) fell 13 percent to \$6.56 billion, representing the lowest value of trade since fiscal 1986 and nearly 42 percent below the 1980 peak (table 6). Reductions in sales of oilseed products, cotton, tobacco, livestock products, and tree nuts offset slight increases in grains, feeds, fruits and vegetables. Oilseeds and products account for the largest share of U.S. exports sales to the EC (30 percent in 1989), though this is down from 43 percent in 1980. Grains and feeds make up the next largest category of sales (26 percent), followed by livestock products (11 percent), tobacco (8 percent) and tree nuts (7 percent).

U.S. exports for the first 9 months of fiscal 1990 (October 1989 - June 1990) were about 5 percent ahead of last year in value terms for the comparable 9-month period, buoyed by volume and price increases for cotton and tobacco and larger volumes of feed grains. Despite higher prices for tobacco and cotton, a weaker dollar against most European currencies and lower grain prices are credited with a slightly improved trade picture for fiscal 1990. A continued decline of the dollar vis-a-vis West European currencies as a result of narrowing interest rate differentials will keep exports of most U.S. food products competitive for the remainder of this year and into 1991.

The EC is traditionally the U.S.'s largest market for agricultural products. In fiscal 1989, a drop in sales to the EC, combined with a rise in sales to Japan, moved Japan ahead of the Community as the largest overseas market for U.S. agricultural products. The EC accounted for only 17 percent of U.S. agricultural exports in 1989, compared to 21 percent for Japan. The current EC share of the U.S. export market contrasts sharply with the 1970's when the EC took about a third of U.S. farm product exports. Increased EC self-sufficiency for many agricultural products, along with expanded U.S. sales to the Pacific Rim countries, are responsible for this shift.

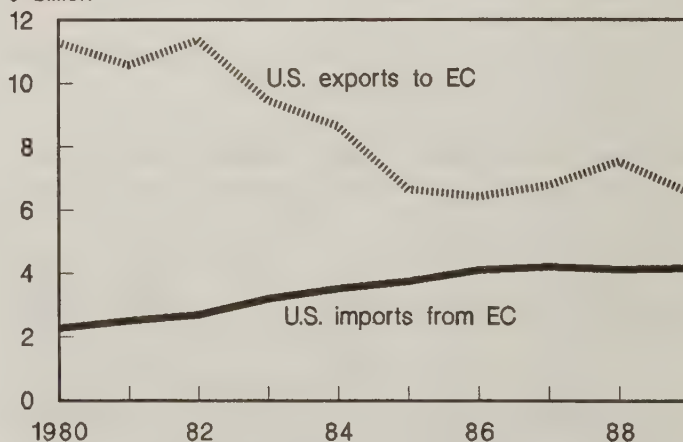
U.S. Imports From EC Continue To Rise

U.S. imports of agricultural products from the EC for fiscal 1989 totalled \$4.18 billion, up 1.3 percent from a year ago (table 7). Declines in imports of beer, wine and animal products were offset by increases for nearly all other products. Alcoholic beverages accounted for the largest share of U.S. imports from the EC in fiscal 1989 (32 percent), followed by dairy products (10 percent), vegetables (10 percent), and meats (9 percent). Wine is the largest single item the U.S. imports from the EC, accounting for 20 percent of the total.

Figure 15

U.S.-EC Agricultural Trade

\$ billion



Source: U.S. Dept. of Commerce.

U.S. imports for the period October 1989 - June 1990 were up 4 percent in value from the same period a year earlier, primarily due to a turn around in imports of dairy products (mostly cheese and casein). The pace of imports has slowed since May, a trend which should continue for the remainder of the year as a result of the continuing decline in the dollar against West European currencies and the slowdown in the U.S. economy. The outlook for the entire year is for a slight decline in U.S. imports from the EC.

The United States ran a \$2.38 billion agricultural trade surplus with the EC in fiscal 1989, down 30 percent from a sur-

plus of \$3.41 billion in fiscal 1988 and down 74 percent from a surplus of \$9.01 billion in fiscal 1980 (figure 15).

[Walter H. Gardiner and Mary Lisa Madell (202) 219-0610]

Hormone Ban Cuts U.S. Exports Sharply

The hormone ban continues to affect U.S. exports, particularly beef offals. The hormone ban was invoked on January 1, 1989, and is likely to result in an annual decline in U.S. exports of over \$90 million. U.S. exports of beef and veal and edible offals to the EC plummeted by \$86.1 million in fiscal

Table 6--U.S. agricultural fiscal year exports to the EC-12

Commodity	Fiscal years			% Change of 1989/88	Share of Total 1989	October - June		% Change
	October 1987	September 1988	September 1989			1988/89	1989/90	
	----Million dollars----			----percent----		-Million dollars-		percent
Animal & Animal Products..	788.5	813.5	737.5	-9.3%	11.2%	556.4	510.5	-8.2%
Meats & Meat Products...	212.6	230.2	166.6	-27.6%	2.5%	131.1	116.9	-10.8%
Beef & veal-Frsh/Prep.	27.3	34.8	13.0	-62.6%	0.2%	11.5	6.4	-44.6%
Pork-Fresh/Prep.....	3.7	2.2	2.3	1.6%	0.0%	1.7	1.2	-33.0%
Poultry Meats-Frsh/Prep.	10.4	18.9	14.7	-22.4%	0.2%	10.2	18.2	77.6%
Grains and Preparations...	1,375.7	1,607.3	1,703.4	6.0%	26.0%	1,353.1	1,369.8	1.2%
Wheat.....	100.8	101.3	130.5	28.9%	2.0%	82.6	96.0	16.2%
Wheat Flour.....	0.2	0.3	1.5	334.0%	0.0%	1.2	0.3	-78.7%
Rice.....	73.4	84.8	140.5	65.7%	2.1%	105.8	84.9	-19.8%
Feed Grains & Products..	173.5	294.0	294.4	0.2%	4.5%	267.4	358.8	34.2%
Feeds, Fodder-Ex.Oilcake.	1,014.3	1,105.0	1,098.5	-0.6%	16.8%	866.5	799.2	-7.8%
Fruit & Preps (incl juice)	257.3	309.3	308.2	-0.3%	4.7%	237.8	244.4	2.8%
Grapefruit.....	47.7	62.1	62.4	0.5%	1.0%	58.5	36.6	-37.5%
Raisins.....	54.8	61.6	62.1	0.8%	0.9%	43.0	49.1	14.3%
Nuts and Preps.....	391.7	507.7	452.7	-10.8%	6.9%	353.6	383.6	8.5%
Almonds.....	207.4	341.9	277.6	-18.8%	4.2%	201.7	207.6	2.9%
Vegetables and Preps.....	171.1	173.1	202.0	16.7%	3.1%	156.4	174.6	11.6%
Pulses.....	89.3	69.2	87.7	26.8%	1.3%	69.2	58.5	-15.4%
Oilseeds and Prods.....	2,725.4	2,706.7	1,958.1	-27.7%	29.9%	1,889.2	1,816.8	-3.8%
Soybean Meal.....	622.5	337.9	149.7	-55.7%	2.3%	145.2	21.0	-85.6%
Soybeans.....	1,952.7	2,196.6	1,619.5	-26.3%	24.7%	1,586.6	1,613.7	1.7%
Vegetable Oils.....	51.3	87.4	69.8	-20.1%	1.1%	59.9	72.1	20.3%
Tobacco.....	481.3	589.7	509.1	-13.7%	7.8%	437.1	507.8	16.2%
Cotton-ex. linters.....	256.3	442.3	264.5	-40.2%	4.0%	210.0	412.9	96.7%
Others.....	340.1	386.7	422.1	9.1%	6.4%	354.6	395.8	11.6%
TOTAL:.....	6,787.5	7,536.3	6,557.6	-13.0%	100.0%	5,548.3	5,816.2	4.8%
Commodity	----Thousand tons----			----percent----		--Thousand tons--		percent
Meats & Meat Products...	122.8	124.6	83.6	-32.9%	N/A	65.8	54.3	-17.5%
Beef & veal-Frsh/Prep.	6.4	8.6	3.2	-63.4%	N/A	2.9	1.7	-42.5%
Pork-Fresh/Prep.....	2.0	0.8	0.8	8.6%	N/A	0.6	0.6	-14.1%
Poultry Meats-Frsh/Prep..	11.2	19.6	15.8	-19.1%	N/A	11.3	18.4	63.8%
Grains and Preps.....	11,344.4	12,557.7	11,805.2	-6.0%	N/A	9,466.0	10,302.1	8.8%
Wheat.....	815.5	736.5	799.7	8.6%	N/A	502.7	612.8	21.9%
Wheat Flour.....	0.9	1.5	6.2	313.7%	N/A	5.7	1.0	-83.2%
Rice.....	379.3	281.3	490.9	74.5%	N/A	386.5	271.8	-29.7%
Feed Grains & Products..	2,223.2	3,019.9	2,367.3	-21.6%	N/A	2,168.4	3,211.8	48.1%
Feeds, Fodder-Ex.Oilcake.	7,899.7	8,475.7	8,052.6	-5.0%	N/A	6,328.2	6,139.3	-3.0%
Nuts and Preps.....	237.1	255.1	276.1	8.2%	N/A	223.6	290.3	29.8%
Oilseeds and Products.....	13,695.0	11,417.2	6,558.2	-42.6%	N/A	6,334.8	7,724.4	21.9%
Soybean Meal.....	3,184.9	1,495.2	589.4	-60.6%	N/A	561.6	114.7	-79.6%
Soybeans.....	10,160.4	9,596.9	5,617.7	-41.5%	N/A	5,489.2	7,273.6	32.5%
Vegetable Oils.....	71.1	126.3	90.7	-28.2%	N/A	78.2	107.2	37.2%
Tobacco.....	87.5	106.4	87.7	-17.6%	N/A	75.7	82.6	9.1%
Cotton-ex. linters.....	221.4	280.0	175.3	-37.4%	N/A	140.0	241.9	72.8%

Source: U.S. Dept. of Agr., Econ. Res. Serv., Foreign Agricultural Trade of the United States, various years.

year 1989. October-September 1990 exports of U.S. beef and veal and edible offals to the EC are continuing to decline. The U.S.-EC Joint Task Force that is charged with resolving the dispute has not yet devised a plan that would allow the U.S. to resume beef and beef products shipments to the EC at previous levels. Only small shipments of calf offals and meat derived from animals not treated with hormones have been made so far.

An agreement to allow variety meats from dairy cows to enter the EC has been reached and a preliminary survey by the Foreign Agriculture Service indicated that the United States could export cow meat offals valued at \$15-\$20 million annually. Some analysts think that the BSE outbreak in the United Kingdom could lead to U.S. exports of beef and veal for use in pet food because the United Kingdom provided a significant share of beef for this market and because the hormone ban does not extend to pet food.

Table 7--U.S. agricultural fiscal year imports from the EC-12

Commodity	Fiscal years October - September 1987 1988 1989			% Change of 1989/88	Share of Total 1989	October - June 1988/89 1989/90		% Change
	-----Million dollars-----			---percent---		-Million dollars-		percent
Animal & Animal Products..	1,122.0	1,016.0	940.2	-7.5%	22.5%	699.9	715.3	2.2%
Meats & Meat Products...	445.8	384.2	287.1	-25.3%	9.2%	227.1	223.1	-1.8%
Beef & veal-Frsh/Prep.	6.3	7.6	7.3	-4.2%	0.2%	7.1	2.1	-70.4%
Pork-Fresh/Prep.....	414.0	354.9	254.8	-28.2%	6.1%	201.7	198.2	-1.7%
Dairy Products.....	390.6	409.1	423.4	3.5%	10.1%	294.9	346.3	17.4%
Cheese.....	232.6	202.4	188.3	-7.0%	4.5%	139.7	168.5	20.6%
Casein & Mixtures....	123.8	164.0	214.3	30.7%	5.1%	137.2	165.0	20.3%
Grains and Feeds.....	218.7	211.3	235.6	11.5%	5.6%	170.8	181.0	6.0%
Biscuits & Wafers.....	133.0	116.6	122.5	5.1%	2.9%	85.0	95.2	12.0%
Pasta & Noodles.....	40.4	40.3	49.8	23.3%	1.2%	35.4	34.5	-2.5%
Fruit & Preps (incl juice)	189.4	148.6	193.1	30.0%	4.6%	166.5	137.8	-17.2%
Fruit-Prep/Pres.....	63.6	65.6	87.3	33.1%	2.1%	70.6	66.9	-5.2%
Fruit Juices.....	108.9	75.3	99.5	32.2%	2.4%	90.0	65.0	-27.8%
Nuts and Preps.....	17.3	12.6	16.5	31.1%	0.4%	13.4	17.5	30.6%
Vegetables and Preps.....	315.7	354.9	408.1	15.0%	9.8%	310.2	328.2	5.8%
Olives.....	106.3	125.6	132.1	5.1%	3.2%	101.4	104.1	2.7%
Tomatoes incl paste....	40.5	43.0	47.7	11.0%	1.1%	42.3	35.7	-15.6%
Oilseeds and Prods.....	123.4	162.4	199.5	22.8%	4.8%	148.4	145.3	-2.1%
Olive Oil.....	94.2	117.0	146.5	25.2%	3.5%	107.5	107.5	0.0%
Sugar & Related Prods.....	47.4	47.0	82.9	76.4%	2.0%	54.4	77.9	43.2%
Confectionery prods.....	39.0	29.0	71.4	146.6%	1.7%	48.5	66.7	37.5%
Beverages-Ex Fruit Juice..	1,437.5	1,464.9	1,349.0	-7.9%	32.3%	1,009.8	967.8	-4.2%
Wine.....	916.7	929.5	846.7	-8.9%	20.3%	647.8	624.5	-3.6%
Malt Beverages.....	458.7	503.3	477.1	-5.2%	11.4%	343.9	330.1	-4.0%
Flowers, Nursery Stock....	144.2	150.8	158.6	5.2%	3.8%	81.7	113.4	38.8%
Coffee.....	147.3	95.3	76.9	-19.3%	1.8%	60.1	45.8	-23.8%
Cocoa.....	108.6	100.6	136.8	36.0%	3.3%	95.4	120.9	26.7%
Other.....	337.1	359.7	381.1	6.0%	9.1%	286.1	312.6	9.3%
TOTAL:.....	4,208.6	4,124.0	4,178.3	1.3%	100%	3,096.7	3,163.5	2.2%
Commodity	-----Million tons-----			---percent---		--Thousand tons--		percent
Meats & Meat Products.....	148.8	139.3	109.7	-21.2%	N/A	88.0	72.5	-17.7%
Beef & veal-Frsh/Prep...	4.8	3.5	3.3	-7.2%	N/A	3.2	0.9	-72.2%
Pork-Fresh/Prep.....	136.8	128.6	95.8	-25.5%	N/A	77.2	62.7	-18.8%
Cheese.....	65.7	52.5	52.3	-0.3%	N/A	37.5	49.6	32.0%
Casein & Mixtures.....	56.3	52.1	45.2	-13.2%	N/A	29.7	34.0	14.5%
Grains and Feeds.....	169.3	154.7	246.9	59.6%	N/A	189.5	167.7	-11.5%
Biscuits & Wafers.....	55.4	44.1	45.7	3.7%	N/A	32.1	34.3	6.8%
Pasta & Noodles.....	64.3	60.4	72.2	19.5%	N/A	51.2	50.2	-1.8%
Fruit-Prep/Pres.....	60.2	61.0	88.5	44.9%	N/A	72.5	69.0	-4.9%
Fruit Juices (HL).....	4,242.6	2,519.0	4,007.5	59.1%	N/A	3,679.2	2,630.7	-28.5%
Olives.....	73.0	71.9	64.0	-11.0%	N/A	49.7	49.5	-0.4%
Tomatoes incl paste....	81.4	73.5	53.3	-27.6%	N/A	48.3	32.4	-32.8%
Confectionery prods.....	18.6	12.3	30.5	149.3%	N/A	20.6	28.6	38.9%
Beverages (HL).....	8,660.9	8,178.2	7,911.8	-3.3%	N/A	5,809.4	5,389.3	-7.2%
Wine (HL).....	3,183.6	2,790.9	2,540.0	-9.0%	N/A	1,955.9	1,810.6	-7.4%
Malt Beverages (HL).....	4,914.6	5,049.4	5,035.4	-0.3%	N/A	3,622.4	3,383.6	-6.6%
Oilseeds and Prods.....	82.3	116.3	142.8	22.7%	N/A	111.3	120.6	8.4%
Olive Oil.....	57.1	64.6	81.7	26.5%	N/A	61.3	56.6	-7.8%

Source: U.S. Dept. Agr., Econ. Res. Serv., Foreign Agricultural Trade of the United States, various years.

Poultry Exports Up but Pork Down in 1990

U.S. exports of poultry and poultry products to the EC are running \$10 million ahead of fiscal year 1989 for the first 9 months of fiscal year 1990. All categories of U.S. poultry exports to the EC are ahead of last year with chicken meat up by nearly \$5 million. U.S. exports of chicken meat to the Canary Islands and of turkey meat to the West Germans are up by nearly \$2 million each over last year.

U.S. pork shipments to the EC are expected to drop in fiscal 1990. The October-June data confirm this likelihood as U.S. exports are only two-thirds of last year's levels.

[David R. Kelch (202) 219-0610]

Exports of Dairy Products Drop Sharply, Imports Rise

U.S. dairy product exports to the EC have fallen dramatically from fiscal 1989 in parallel with the drop in international prices for dairy products. Figures from October to June showed a fall from \$26 million last year to just under \$15 million this year. Nonfat dry milk (known as skim milk powder in Europe) exports were down more than \$10 million, virtually the entire reduction. Sales of whey products were also sharply cut. EC intervention stocks, close to zero in early 1989, have begun to grow, indicating that the regional milk shortages reported last year will not be repeated. The increase in EC stocks portends further subsidized exports of dairy products from the EC, which will compete with dairy products from the United States and other countries on international markets. The decision in the fall of 1989 to increase the milk production quota by one percent lessens upward pressure on EC milk prices and slows dairy cow culling.

U.S. imports of dairy products from the EC are running 17 percent above last year, based on October-June figures, with increases in both cheeses and casein. U.S. dairy product imports from the EC are approximately 25 times as large as U.S. exports to the EC, in part due to EC export subsidies on dairy products. Cheese and casein comprise about 95 percent of all U.S. dairy product imports from the EC.

[Steve Neff (202) 219-0610]

Grain and Feed Trade Up

U.S. exports of grains and feeds to the EC for the first 9 months of fiscal 1990 (October - June) are ahead of last year's pace in quantity terms and are up slightly in value. Declines in exports of feeds, fodders, wheat flour, and rice are offset by increased sales of wheat and feed grains.

Exports of U.S. corn byproducts are down in fiscal 1990 compared with last year due to large supplies of competi-

tively priced domestic feeds. Exports of rice also are down in fiscal 1990 compared with last year due to an increase in EC rice production. Production in Italy, the largest EC producer, increased by 15 percent as area reached a record high. Weather problems during the sowing period for other grains and lower yields and prices for corn induced Italian farmers to shift area into rice production.

U.S. exports of wheat (unmilled) are running significantly above last year's levels in quantity (up 21 percent) and value (up 18 percent). The increase in U.S. wheat exports to the EC is due primarily to an increase in durum wheat exports to Italy. Italian durum wheat production in 1989 was 22 percent lower than the 1988 crop due mainly to the impact of a winter drought in Apulia (the leading durum wheat producing region in Italy), Sardinia, and southern Tuscany. Summer storms also adversely affected durum production in the northern and central regions of Italy. U.S. wheat exports to Italy in fiscal 1990 are expected to increase by about 40 percent over fiscal 1989 as Italian imports of U.S. durum shot up by over 260 percent. Italy imports superior quality durum wheat from the United States and Canada to blend with domestic wheat for use by the domestic pasta industry. U.S. durum wheat exports to Italy during fiscal 1990 are expected to be about two-thirds desert durum (produced in Arizona and southern California) and about one-third durum from the Northern Plains.

[Michael Herlihy (202) 219-0610]

Horticultural Exports Up Despite Drop in Citrus

U.S. exports of fruits, nuts and their products to the EC-12 during the first 9 months of fiscal 1990 increased 6 percent in value over the same period a year ago. The increase occurred despite a 38-percent decline in fresh citrus exports. The freeze in Florida last December caused a shortage of exportable citrus fruit, especially grapefruit. For other major categories such as fresh noncitrus and dried fruit, fruit juices and tree nuts, the value of U.S. exports show strong increases over a year ago. A 42-percent increase in U.S. prune exports is the result of last year's poor harvest in France, the EC's largest producer, and a 27-percent increase in U.S. apple exports reflects the 1989 drought in Europe.

U.S. wine exports, still only a small portion of total U.S. horticultural exports to the EC, increased 32 percent during the first 9 months of this fiscal year. Wine exports have been aided by aggressive marketing efforts under the Targeted Export Assistance Program, especially in the United Kingdom where per capita wine consumption is rising rapidly.

[Ruth Elleson (202) 219-0610]

Oilseeds and Products Trade Up In Quantity, Down in Value

U.S. exports of oilseeds and products to the EC from October through June of fiscal 1990 are 21 percent higher than the same period in 1989, but have declined by 3 percent in value terms. Prices of oilseeds and products declined from their drought-affected highs of the previous year. Total EC imports of soybeans, soybean meal, and vegetable oil will be higher through the end of 1990, but are not expected to recover to pre-drought levels. Soybean imports from the United States through the end of the fiscal year will be up from last year's levels, but imports of U.S.-origin soybean meal will decline. U.S. soybean meal continues to face stiff competition from exports from South America. The new EC rapeseed crop—the second largest on record—will be available before the end of the 1990 fiscal year, and could reduce import demand for soybeans in the last quarter. U.S. soybean exports could also slow, as rising soybean prices and a drop in meal and oil prices have hurt crush margins in the EC.

1990 import demand for protein feeds, including soybean meal, will be up over last year. Worsening crush margins favor imports of soybean meal at the expense of soybean imports in the fourth quarter, although any increase is likely to come from South America. EC demand for protein meals has strengthened with continued expansion of the poultry sector. Meal prices have also become more competitive relative to feed grains since last year's drought-affected high levels.

1990 EC demand for imported vegetable oil has also risen due to reduced crushings of the higher-oil-content rapeseed and sunflower seed. U.S. vegetable oil shipments to the EC rose by 37 percent in the first part of fiscal 1990 on the strength of a large rise in sunflower oil shipments.

The dollar's decline since October 1989 may make U.S. soybeans more competitive on the European market. The GATT panel ruling on the U.S.-EC oilseed dispute found that EC oilseed policies discriminate against imported oilseeds and impair the tariff concessions granted to the United States. The EC agreed to take actions to bring their practices in line with the GATT in the 1991/92 price package. Whatever changes result from the action will not be implemented until 1991.

[Mary Anne Normile (202) 786-1611]

Tobacco Exports Up in Fiscal 1990

Although the EC produces a large variety of tobaccos, 70 percent of the tobacco required for domestic use is imported. The EC is a large purchaser of U.S. tobacco, taking 40 per-

cent of exports in 1989. The U.S. share of EC imports is between 20 and 25 percent, and consists of high-quality leaf needed for cigarette manufacturing.

U.S. exports of unmanufactured tobacco to the European Community have been declining in recent years, except for fiscal year 1988. Exports in the first three quarters of fiscal year 1990 are running ahead of the same period in 1989, but not as high as in 1988. U.S. tobacco exports to the EC have been eroded by increasing production of competing leaf in the EC and in low-cost producing countries (Malawi, Zimbabwe, Brazil), and to declining consumption of tobacco products in the Community. The United Kingdom, the U.S.'s seventh largest importer in 1989, in particular has been shifting its purchases of tobacco to lower priced producers. Lower prices and growing consumer preference for American-type blends have partly offset these trends, although projected increases in EC burley production may return U.S. exports to their downward trend.

Cotton Exports Benefit From Tight World Market

U.S. cotton exports to the EC are expected to increase considerably in fiscal year 1990 over the previous year. U.S. cotton is benefiting from low world stocks-to-use ratios (27 percent)—the lowest in 40 years. The tight market situation has kept prices high, making U.S. cotton more competitive. In addition, exports have benefitted from the depreciation of the U.S. dollar against important EC currencies, especially the Deutschemark.

Current fashion trends in the EC have shifted demand from man-made fibers to cotton. West Germany and Italy are the two largest EC customers for cotton. Mill use in these two countries is expected to continue to increase, although in the United Kingdom, another big customer, it is declining. A projected slight increase in U.S. production and tighter world supplies will allow U.S. cotton to increase its share of the EC market.

[Mary Lisa Madell and Kenneth R. Weiss (202) 219-0610]

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Commodity Market Highlights and Policy Developments

Grains

EC Grain Production Lower Despite Increased Area

The 1989/90 EC-12 grain (wheat and coarse grains) harvest was 160.3 million tons, 2.4 million tons less than a year earlier, but still 2 percent above the average for the last 3 years. The main reason for the lower harvest was a decline in coarse grain yields due to very dry weather in the southern grain producing regions of the Community. EC grain production declined in spite of a slight increase in area harvested, the first time grain area has increased since 1984/85.

EC wheat production increased to 78.6 million tons in 1989/90 (up 5 percent) as area harvested rose and favorable weather in the northern wheat-producing areas led to a slight increase in average yields. The EC's two largest wheat producers, France and the United Kingdom, had very good wheat harvests. In France, wheat production increased by over 8 percent, while production in the United Kingdom jumped by 21 percent and the crop's quality was significantly above average. For the first time, the majority of the wheat produced in the United Kingdom was of milling quality.

The coarse grain harvest fell to 81.7 million tons (a drop of over 7 percent) as production of both barley and corn declined due to lower average yields and a drop in harvested area. Drought conditions in Spain during the winter and spring of 1989 cut the Spanish barley crop by one-fourth compared to 1988. Abnormally hot and dry summer weather in southwestern France, the heart of the EC's corn growing region, caused overall French corn production to fall by over 10 percent.

The EC-12 grain crop for 1990/91 is forecast by USDA at 158.2 million tons, down 1 percent from last year. The decline results chiefly from an expected decrease in area harvested of about 1.3 million hectares, due to the impact of a prolonged drought on corn and wheat area in southern Europe. A shift out of barley and into oilseeds also contributed to the decline.

Wheat production is expected to increase 3 percent over 1989/90, to 80.8 million tons, second only to the record of 83.1 million tons set in 1984/85. Increased yields due to excellent growing conditions in Northern Europe and a rise in plantings of higher yielding, lower protein varieties are expected to more than offset the decline in area. Wheat crops in France, the United Kingdom, and West Germany are projected to reach near record levels in 1990/91. Coarse grain output is estimated at 77.4 million tons for 1990/91, a fall of over 5 percent from 1989/90, due primarily to the effects of the prolonged drought on EC corn production. The drought-

reduced crop in France could lead to the smallest corn harvest in 6 years. Together with a smaller Spanish corn crop and a decline in production in Greece, EC corn production is expected to drop sharply in 1990/91.

Stabilizer for Grain Activated for Second Year

In spite of the 3-percent cut in policy prices and the additional coresponsibility levy imposed under the budgetary stabilizer program, EC grain production in 1989/90 exceeded the maximum guaranteed quantity (MGQ) of 160 million tons for the second year in a row. However, the Commission waived payment of the additional coresponsibility levy for 1989/90, citing its marginal value in light of the small amount by which the MGQ was exceeded.

On October 19, 1989, the EC Commission estimated grain production for 1989/90 at 160.5 million tons, in excess of the MGQ by 0.5 million tons. As a result, basic intervention prices for grains were automatically cut 3 percent for the 1990/91 marketing year and grain farmers should have been assessed an additional coresponsibility levy of 0.3 percent (0.54 ECU per ton). However, the Commission decided instead to refund the entire amount of the additional coresponsibility levy. The basic coresponsibility levy for grains (equal to 3 percent of the breadwheat intervention price) will fall to 5.06 ECU per ton in 1990/91 as a result of the cut in the breadwheat intervention price (-3 percent) and the monetary realignment of January 5, 1990 (-.17 percent), compared with 5.22 ECU per ton in 1989/90.

The procedure the Commission uses to apply the additional coresponsibility levy for grains has been revised for the 1990/91 marketing year in response to repeated criticisms from farmer organizations. Farmers will only have to pay 1.5 percent of the additional coresponsibility levy (instead of 3 percent) on off-farm sales of grain. In February 1991 the Commission will publish its estimate of the 1990 crop, and, on the basis of that figure, the levy will be adjusted up or down by a maximum of 1.5 percent. Any difference is to be paid during the 1991/92 marketing year.

This change fixes the additional coresponsibility levy that must be paid in 1990/91 at 1.5 percent regardless of the level of grain production. If grain production in 1990/91 (as estimated by the Commission in February 1991) falls below the MGQ (a crop of 160 million tons or less), then no additional coresponsibility levy will have to be paid in 1991/92. If production exceeds the limit by 3 percent or more (a crop of 164.8 million tons or more), then the additional levy will be increased to the maximum level of 3 percent for 1991/92. This change will eliminate the previous practice of having to partially refund the levy if the MGQ is exceeded by less than 3 percent. Thus EC grain farmers will have to pay a total coresponsibility levy (3 percent basic + 1.5 percent additional) of 7.59 ECU per ton (\$9.20) for all off-farm sales of grain in 1990/91.

EC Open Market Export Refunds

EC export refunds are used to bridge the gap between the high price paid for grain in the Community and the lower price at which that grain can be sold on world markets. The level of the refund is decided by the EC Cereals Management Committee at its weekly meeting. The Committee accepts or rejects tenders (bids) for export refunds and fixes other (non-tendered) refunds including standing refunds to particular countries. There are three types of tenders—open market tenders for export refunds, tenders for the export of intervention stocks, and food aid tenders. Most EC grain exports are carried out through the open market tender system.

Table 8 lists the refunds granted and the quantity of wheat and barley authorized for export in 1989/90 under the EC's weekly open market tender system. The weekly tender season for grain usually begins in early June and extends through the end of May in the following year.

In 1989/90, export refunds were granted for 8.1 million tons of wheat, 5 percent less than in 1988/89. However, it is estimated that over 4 million tons of wheat were ex-

ported under standing refunds, most of which was shipped to the USSR. The amount of the refund increased steadily during 1989/90, rising from a low of \$29 per ton on June 29, 1989, to a high of \$103 per ton by May 17, 1990, as world wheat prices continued to decline. This compares with an average U.S. export price for wheat (#2 hard red winter, fob Gulf) of \$145 per ton for May 1990. By the September 13, 1990 weekly fixing, EC export refunds for wheat had risen to \$127 per ton, while the U.S. export price had declined to \$115 per ton.

Open market refunds were authorized for 3.9 million tons of barley exports in 1989/90. This was a sharp drop from the nearly 7.5-million-ton level of 1988/89, when the Commission used an aggressive export policy to take advantage of high world prices following the North American drought. In addition to open market exports, it is estimated that nearly 3 million tons of barley were exported under the system of standing refunds, with the majority again going to the USSR. Barley refunds increased gradually during the year, reaching a peak of \$97 per ton in March 1990.

Table 8--EC open market export refunds for wheat and barley, 1989/90

	Wheat 1/				Barley 2/			
	Maximum refund 3/	Maximum refund	Tonnage authorized	Cumulative total	Maximum refund	Maximum refund	Tonnage authorized	Cumulative total
	ECU/ton	Dollars/ton	Tons	Tons	ECU/ton	Dollars/ton	Tons	Tons
1989								
June 22	32.95	34.49	135,000	135,000	-	-	-	-
June 29	27.49	28.78	278,000	413,000	47.90	50.14	180,000	180,000
July 6	33.47	36.63	142,500	555,500	52.63	57.61	255,000	435,000
July 13	35.00	38.31	25,000	580,500	55.94	61.23	25,000	460,000
July 20	34.50	37.76	146,000	726,500	58.54	64.07	180,000	640,000
July 27	38.50	42.14	220,000	946,500	-	-	-	640,000
August 3	39.95	43.06	223,000	1,209,500	-	-	-	640,000
August 10	36.49	39.33	283,000	1,492,500	-	-	-	640,000
August 17	33.00	35.57	175,000	1,667,500	61.41	66.19	45,000	685,000
August 24	-	-	-	1,667,500	59.90	64.56	100,000	785,000
August 31	34.00	36.65	178,000	1,845,500	59.19	63.80	62,000	847,000
September 7	-	-	-	1,845,500	57.66	61.30	120,000	967,000
September 14	35.00	37.21	155,000	2,000,500	60.47	64.29	160,000	1,127,000
September 21	37.75	40.13	53,500	2,054,000	59.97	63.76	11,500	1,138,500
September 28	42.50	45.18	511,000	2,565,000	62.95	66.92	309,285	1,447,785
October 5	44.00	48.53	380,500	2,945,500	67.79	74.77	625,000	2,072,785
October 12	42.85	47.26	422,000	3,367,500	-	-	-	2,072,785
October 19	45.60	50.30	95,000	3,462,500	69.14	76.26	105,000	2,177,785
October 26	47.00	51.84	136,000	3,598,500	65.31	72.04	89,250	2,267,035
November 2	-	-	-	3,598,500	-	-	-	2,267,035
November 9	50.35	56.34	382,000	3,980,500	-	-	-	2,267,035
November 16	49.74	55.66	25,000	4,005,500	68.39	76.53	225,000	2,492,035
November 23	-	-	-	4,005,500	72.89	81.56	100,000	2,592,035
November 30	50.45	56.45	28,000	4,033,500	68.57	76.73	75,000	2,667,035
December 7	54.00	63.02	235,000	4,268,500	72.68	84.81	104,500	2,771,535
December 14	56.99	66.50	351,500	4,620,000	69.50	81.10	13,000	2,784,535
December 21	57.00	66.52	310,000	4,930,000	76.35	89.10	25,000	2,809,535
1990								
January 4	58.85	70.75	325,000	5,255,000	76.85	92.39	10,000	2,819,535
January 11	61.50	73.93	318,000	5,573,000	67.45	81.09	15,000	2,834,535
January 18	58.77	70.65	75,000	5,648,000	71.08	85.45	22,500	2,857,035
January 25	57.95	69.67	100,000	5,748,000	71.24	85.64	70,000	2,927,035
February 1	58.50	71.27	150,000	5,898,000	71.02	86.53	85,000	3,012,035
February 8	62.00	75.54	126,675	6,024,675	72.32	88.11	55,000	3,067,035
February 15	62.00	75.54	97,000	6,121,675	71.00	86.50	38,500	3,105,535
February 22	62.40	76.02	165,000	6,286,675	72.43	88.24	62,500	3,168,035
March 1	64.74	77.51	207,500	6,494,175	70.40	84.29	50,000	3,218,035
March 8	68.21	81.67	84,000	6,578,175	73.24	87.69	95,000	3,313,035
March 15	65.06	77.89	170,200	6,748,375	-	-	-	3,313,035
March 22	69.50	83.21	264,000	7,012,375	81.39	97.45	13,000	3,326,035
March 29	71.96	87.19	107,000	7,119,375	69.76	83.52	17,500	3,343,535
April 5	-	-	-	7,119,375	77.11	93.43	18,000	3,361,535
April 12	-	-	-	7,119,375	-	-	-	3,361,535
April 19	74.53	90.30	328,600	7,447,975	73.92	89.56	75,000	3,436,535
April 26	76.42	92.59	155,750	7,603,725	70.50	85.42	75,000	3,511,535
May 3	77.43	95.41	136,500	7,740,225	70.86	87.31	200,000	3,711,535
May 10	79.85	98.39	143,250	7,883,475	72.95	89.89	123,100	3,834,635
May 17	83.71	103.15	181,500	8,064,975	75.19	92.65	56,815	3,891,450
May 24	-	-	-	8,064,975	-	-	-	3,891,450

1/ Includes the EC-12 common wheat tender and the West German and Spanish wheat tenders.

2/ Includes the EC-12 barley tender and Spanish barley tender.

3/ Where refunds are authorized under more than one tender, the maximum refund is the weighted average. During the beginning of the season a number of refunds were granted with a positive corrective. Where this occurred the corrective has been added onto the refund to give a more realistic value.

Source: Home-Grown Cereals Authority, June 1990.

Grain Consumption Continues Downward Trend

EC grain consumption is estimated to have declined by 2 percent in 1989/90 to 136.2 million tons, continuing its downward trend. Consumption of grains has been declining as a result of a decrease in its use for feed, stagnant human consumption, and limited growth in seed and industrial use.

Although use of grain for feed increased slightly to 81.1 million tons in 1988/89, feed use is estimated to have declined in 1989/90 (down 4 percent) as a result of increased domestic production of oilseeds and protein crops and lower world prices for nongrain feeds. Use of coarse grains for feed is estimated to have dropped from 59.1 million tons in 1988/89 to 56.7 million tons in 1989/90, continuing its long-term, downward trend. Feed use of wheat is estimated at 21.4 million tons in 1989/90, down from 22.0 million tons in 1988/89.

Grain consumption is forecast to increase in 1990/91 to 137.3 million tons due primarily to an expected increase in feed use of wheat. Use of wheat for feed is forecast to increase by nearly 7 percent in 1990/91 while nonfeed use is projected to be up slightly. The increase in wheat consumption is expected to be more than enough to offset projected declines in both feed and nonfeed coarse grains use.

EC Grain Exports Second Only to Last Year's Record

EC grain exports (excluding intra-EC trade) are estimated to have reached 30.6 millions tons in 1989/90, second only to the 31.8-million-ton record set in 1988/89.

Exports of wheat and wheat flour (July-June) are estimated to have held steady at 21 million tons in 1989/90. As a result, the EC's share of world wheat trade should total nearly 22 percent, making it the world's number two wheat exporter for the second year in a row. The world's number one wheat exporter, the United States, saw its market share fall from 39 percent in 1988/89 to 35 percent in 1989/90. Al-

though the overall amount of EC wheat exports is expected to be unchanged, exports by the United Kingdom are reported to have jumped sharply due to the high quality of this year's crop.

Coarse grain exports (October-September) are estimated to have dropped 11 percent, falling from 10.8 million tons in 1988/89 to 9.6 million tons in 1989/90. Corn exports are forecast at 1.5 million tons in 1989/90, down from the peak of 1.8 million tons reached last year, but still the second highest export level on record. Exports of barley are projected to reach 7.3 million tons, 1.7 million tons less than in 1988/89, but still the second largest on record. EC barley exports are expected to account for 44 percent of world barley trade in 1989/90. The three next largest exporters—Canada, Australia, and the United States—account for 26, 15, and 12 percent of world barley trade, respectively.

Imports of grain (excluding intra-EC trade) are expected to rise to 6.7 million tons in 1989/90, up from 5.9 million tons last year. Wheat imports are projected to remain unchanged at 2.5 million tons, while the volume of coarse grain imports is expected to rise to 4.2 million tons, compared with 3.4 million tons in 1988/89. Most of the increase in EC imports of coarse grains is due to a rise in corn imports.

Intervention Stocks Increase After 3-Year Decline

EC total grain intervention stocks at the beginning of 1989/90 were about 9.2 million tons (table 9), down from 11.7 million tons at the start of 1988/89, and nearly half the 18 million tons reached at the start of the 1986/87 season. The decline in stocks since 1986/87 can be attributed to below-average grain harvests in 1986 and 1987 and to an aggressive export policy following the 1988 North American drought. Intervention stocks of total grain ended the 1989/90 season at 11.5 million tons, an increase of 25 percent over 1988/89 closing stocks.

Table 9--EC grain intervention balance sheets by country, 1989/90

Total grains 2/	Belgium	Denmark	France	Germany, West	Greece	Ireland	Italy	Luxembourg	Netherlands	Portugal	Spain	United Kingdom	EC-12
-----1,000 tons-----													
1. Opening stocks	52.6	230.8	1,508.4	4,297.8	0	0	1,374.7	1.2	4.0	0	985.2	703.3	9,158.0
2. Quantities accepted	94.7	391.6	3,748.3	3,019.0	0	3.8	109.2	0	8.3	0	394.8	24.3	7,793.0
3. Quantities sold	49.7	199.1	1,827.3	2,287.4	0	0	820.8	0	4.0	0	121.9	154.1	5,464.3
A) Internal market	0.9	0	458.3	4.9	0	0	294.7	0	0	0	100.9	117.7	977.4
B) Exports	41.3	50.4	1,369.0	985.6	0	0	526.1	0	4.0	0	0	36.4	3,012.8
C) Food aid	7.5	148.7	0	1,292.6	0	0	0	0	0	0	20.1	0	1,468.9
D) Losses	0	0	0	4.3	0	0	0	0	0	0	0.8	0	5.1
4. Gross balance (1+2-3)	97.6	423.2	3,429.4	5,029.3	0	3.8	663.1	1.2	8.3	0	1,258.1	573.5	11,487.5

Source: EC Commission.

During the 1989/90 marketing year, 7.8 million tons of grain were accepted into EC intervention stores, compared with 4.5 million tons the previous year. Intervention deliveries in France and West Germany increased sharply in 1989/90, accounting for 87 percent of the total amount of grain accepted into intervention. This increase was the result of depressed grain markets in those two countries as wheat and barley prices dropped below buying-in levels. Sales out of intervention totaled 5.5 million tons, with 55 percent of that exported to third countries on commercial terms and 27 percent shipped as food aid. Only 18 percent of intervention sales ended up in domestic EC markets, less than 1 million tons.

Most of the runup in intervention stocks during 1989/90 can be attributed to a sharp increase in the amount of breadwheat accepted into intervention stores (table 10). Over 5 million tons of breadwheat was sold into intervention in 1989/90, compared with only 1.2 million tons the previous season. France accounted for most of the increase in stocks, reflecting increased competition from the United Kingdom for export markets due to the high quality of the UK wheat crop. Breadwheat accounted for nearly two-thirds (65 percent) of sales into intervention, followed by barley (18 percent), corn (9 percent), rye (7 percent), and durum wheat (1 percent).

Corn and barley made up the bulk of intervention grain sold on the domestic market while exports and food aid from intervention stocks consisted primarily of breadwheat.

EC Budget Costs for Grain Decline

EC spending for grains dropped sharply in 1989, falling by one quarter, to just over 3.2 billion ECU. The share of the budget allocated to grains fell from 17 percent in 1988 to 13 percent in 1989. This is the first time that budget expenditures on grains declined since 1984, reversing a strong upward trend. Budget expenditures increased by more than 2.5 times between 1984 and 1988, jumping from 1.7 billion ECU to 4.3 billion ECU. The principal reasons for the decline in spending on grains in 1989 were firm world grain prices and the general strength of the dollar against the ECU. Both of these factors contributed to lower expenditures for export refunds which have accounted for the bulk of EC spending on grains in recent years.

A breakdown of export refunds by type of cereal shows that expenditures increased sharply over the 1983 to 1988 period, as the EC shipped increasing amounts of cereals and captured a larger share of world cereal markets (table 11). Spending for barley malt and grain refunds jumped by over

Table 10--EC grain intervention balance sheets by product, 1989/90

	Bread & Feed wheat	Bread wheat	Feed wheat	Durum wheat	Barley	Total rye	Bread rye	Feed rye	Corn	Sorghum	Total
-----1,000 tons-----											
1. Opening Stocks	2,907.5	2,640.8	266.6	1,122.2	3,253.5	1,094.8	501.3	593.6	778.2	2.7	9,158.0
2. Quantities Accepted	5,101.2	5,075.6	25.6	82.6	1,369.0	550.6	522.4	28.2	669.6	20.9	7,793.0
3. Quantities Sold	2,648.1	2,502.3	145.9	570.1	1,421.6	135.7	7.1	128.7	688.7	0	5,464.3
A) Internal market	142.4	52.9	89.5	38.2	329.9	3.3	0	3.4	463.5	0	977.4
B) Exports	1,265.5	1,234.5	31.0	526.1	989.6	6.5	6.6	0	225.0	0	3,012.8
C) Food aid	1,238.1	1,212.9	25.2	5.7	100.1	125.0	0	125.0	0	0	1,468.9
D) Losses	2.0	1.9	0.2	0	1.9	0.9	0.5	0.3	0.2	0	5.1
4. Gross balance (1+2-3)	5,360.3	5,214.2	146.4	634.6	3,200.9	1,509.7	1,016.5	493.2	759.0	23.7	11,487.5

Source: EC Commission.

Table 11--EC export refunds for cereals

	1983	1984	1985	1986	1987	1988
-----Million ECU-----						
Common wheat and flour	809.097	492.276	477.926	691.922	1,661.796	1,227.989
Barley malt and grain	405.543	252.454	398.907	587.376	819.062	1,032.227
Durum wheat, flour, groats, and meal	NA	NA	NA	NA	179.559	209.497
Other cereals	294.264	158.572	186.141	372.727	410.223	454.913
Food aid refunds for grains 1/	16.057	15.029	13.726	59.675	86.160	158.374
Rice	67.895	26.881	36.609	60.100	94.961	61.028
Food aid refunds for rice 1/	0.043	0.042	0	31.801	3.940	15.826
Total cereals	1,592.899	945.254	1,113.309	1,803.601	3,255.701	3,159.854

1/ Food aid refunds are subsidies to cover transportation costs for food aid.

Source: Commission of the European Communities, EAGGF Auditors report.

150 percent during this period, increasing from 406 million ECU to over 1 billion ECU. Export refunds for common wheat and flour rose from 809 million ECU to 1.2 billion ECU over the same period, an increase of 52 percent. Data on export refunds for 1989 by type of cereal are not yet available from the EC Commission.

1990/91 Price Package for Grains

Under the 1990/91 farm-price package adopted by the Council of Ministers, basic intervention prices set in ECU will remain notionally unchanged from last year for most cereals. However, intervention prices for 1990/91 in ECU terms are actually lower, due to automatic adjustments under the stabilizer program for grains and the monetary compensatory amount (MCA) dismantlement rules (table 12).

Intervention prices set by the Council were automatically reduced by 3 percent because the 1989/90 EC-12 cereal harvest exceeded the MGQ of 160 million tons. Then a further cut of 0.17 percent was applied under the MCA dismantlement rules which were triggered by the European Monetary System (EMS) realignment in January. The rules require that 25 percent of any newly created artificial MCAs must be dismantled at the start of the following marketing year. This must be offset by a corresponding reduction in policy prices set in ECU. The official coefficient used to reduce 1990/91 intervention prices is 1.001712.

The 1990 intervention price for durum wheat was reduced by an additional 3.78 percent as part of an ongoing Commission policy to bring durum support prices more into line with those for common wheat. Intervention prices for cereals in Spain have been the same as those for the EC-10 since 1989/90 except for durum wheat. As part of the transitional phase to align Spanish durum prices, intervention prices for

durum in Spain were increased by 1.78 percent before automatic support price adjustments were made. Buying-in prices for cereals, the prices paid to EC farmers for grain delivered to intervention stores, are equal to 94 percent of the adjusted intervention prices.

Monthly increments are used to increase intervention and buying-in prices during the marketing year. They have been increased in 1990/91 for all cereals. Monthly intervention and buying-in prices, inclusive of monthly increments, are listed in table 13. Buying-in prices for cereals in ECU terms will start the 1990/91 year about 3 percent lower than the beginning of last year. However, as a result of the increase in monthly increments, they will be only 2.2 percent lower by the end of the season.

Although the price package for the 1990/91 marketing year includes a 3-percent cut in intervention prices for grains due to exceeding the MGQ in 1989/90, technical changes to the intervention mechanism and agrimonetary adjustments will offset much of the impact of the price cut. These include:

- Reducing the payment delay period. The Commission agreed to farm ministers' demands and reduced the delay on payments for grain sold into intervention from 110 days to 30 days. For countries with high interest rates, the 80-day reduction in the payment delay will offset almost entirely the 3-percent cut in intervention prices imposed on grain producers for exceeding the MGQ. Also, it will help alleviate cash-flow problems for grain farmers throughout the EC.
- Increasing monthly increments. EC policy prices are increased by a fixed amount during the marketing year to compensate farmers for storage and other carrying costs

Table 12--Calculation of EC grain support prices for 1990/91

	Common wheat and corn	Feed wheat and barley	Durum wheat EC-10
	-----ECU per ton-----		
1. 1989/90 Intervention price	174.06	165.36	253.26
2. Adjustment (3% reduction) due to exceeding the maximum guaranteed quantity in 1989 [(1)*.97]	168.84	160.40	236.38 1/
3. Adjustment due to dismantlement procedure following the January EMS realignment [(2)/1.001712] = 1990/91 Intervention Price 2/	168.55	160.13	235.98
4. 1990/91 buying-in price [(3)*.94]	158.44	150.52	221.82
5. 1989/90 monthly increments	1.31	1.31	1.78
6. 1990/91 monthly increments	1.50	1.50	2.03

1/ The intervention price for durum wheat was lowered an additional 3.78 per cent to bring its price more into line with that for common wheat.

2/ See EC Regulation 784/90 for more details.

Source: Home-Grown Cereals Authority, May 1990.

Table 13--EC monthly intervention and buying-in prices for grains

	Premium wheat		Common wheat, and corn		Feed wheat, Barley rye, and sorghum		Durum wheat EC-10		Durum Wheat Spain	
	Inter-vention 1/	Buying-in 2/	Inter-vention 1/	Buying-in 2/	Inter-vention 1/	Buying-in 2/	Inter-vention 1/	Buying-in 2/	Inter-vention	Buying-in
----- ECU per ton -----										
July 1990	172.02	-	168.55	-	160.13	-	235.96	-	212.71	-
August	172.02	161.70 *	168.55	158.44 *	160.13	150.52 *	235.96	221.80 *	212.71	199.95 *
September	172.02	161.70 *	168.55	158.44 *	160.13	150.52 *	235.96	221.80 *	212.71	199.95 *
October	172.02	161.70 *	168.55	158.44 *	160.13	150.52 *	235.96	221.80 *	212.71	199.95 *
November	173.52	163.20	170.05	159.94	161.63	152.02	237.99	223.83	214.74	201.98
December	175.02	164.70	171.55	161.44	163.13	153.52	240.02	225.86	216.77	204.01
January 1991	176.52	166.20	173.05	162.94	164.63	155.02	242.05	227.89	218.80	206.04
February	178.02	167.70	174.55	164.44	166.13	156.52	244.08	229.92	220.83	208.07
March	179.52	169.20	176.05	165.94	167.63	158.02	246.11	231.95	222.86	210.10
April	181.02	170.70	177.55	167.44	169.13	159.52	248.14	233.98	224.89	212.13
May	182.52	172.20 *	179.05	168.94 *	170.63	161.02 *	250.17	236.01 *	226.92	214.16 *
June	172.02	-	168.55	-	160.13	-	235.96	-	212.71	-

* Indicates intervention open in some member states only. Intervention offers are accepted from August to April in southern member states and from November to May in northern member states.

1/ The buying-in price is equal to 94 percent of the July intervention price, plus the full value of appropriate monthly increments.

2/ All quality bonuses and discounts are based on the July intervention price.

Source: Home-Grown Cereals Authority, June 1990.

to help maintain a steady flow of grain onto the market. Monthly increments were increased from 1.31 to 1.50 ECU per ton for all grains other than durum wheat, and from 1.78 to 2.03 ECU per ton for durum wheat.

- Substantial agrimonetary adjustments. As part of the 1990/91 price package, cereal green rates (used to convert policy prices into national currencies) were substantially devalued for some of the major grain-producing countries, partially or fully offsetting the 3-percent price cut. As a result of the devaluations, buying-in prices in national currency at the beginning of the intervention period will be only 1 percent lower in France and Ireland, 1.4 percent higher in Italy, 7 percent higher in the United Kingdom, and 14 percent higher in Greece.

EC Set-Aside Program

One of the measures that emerged from the February 1988 summit was a cropland set-aside program designed to reduce production of surplus commodities, primarily cereals. Although all member countries must offer the program, farmer participation is voluntary. Participating farmers agree to remove at least 20 percent of their arable land from production for 5 years. In return, farmers receive payments that are set by each member country, and are given the option of withdrawing from the program after 3 years. Payments range from 100 ECU per hectare (\$49 per acre) to 700 ECU (\$343 per acre). Grain producers participating in the set-aside program who remove at least 30 percent of their arable land are also exempted from the coresponsibility levies on 20 tons of cereals marketed.

Participation in the EC's set-aside program has been lackluster with only 617,665 hectares (1.5 million acres) officially

set aside during its first 2 years of operation (table 14). This represents about 1 percent of arable land in the EC and 1.8 percent of the cereals area. Three countries account for 83 percent of the land enrolled in the program. West Germany, the largest participant in both 1988 and 1989, set aside 222,384 hectares (36 percent of total EC area set aside). Italy enrolled 181,617 hectares (29 percent) and the United Kingdom 110,657 hectares (18 percent). Results for the other member countries are significantly lower with France, the EC's largest cereal producer, accounting for only 37,707 hectares (6 percent).

Only the Netherlands offered the maximum allowable payment (700 ECU) for land enrolled in the program. Most other countries have offered payments of around 300 ECU per hectare (\$147 per acre) or less, which do not adequately compensate farmers for removing land from production in spite of decreases in support prices for grains. Uncertainty about the program and lack of experience with set-asides also contributed to the low participation.

Based on EC Commission estimates that land enrolled in the program would yield an average of around 2 tons of cereals per hectare, it is estimated that the set-aside program will reduce the 1990 harvest by little more than 1 million tons at best.

U.S.-EC Enlargement Agreement

In 1987 the U.S. and EC reached an agreement on partial compensation for the loss of U.S. feed grain exports to Spain, following Spain's 1986 accession to the EC. The EC agreed to guarantee that Spain would import 2 million tons of corn and 300,000 tons of sorghum annually from non-EC sources between 1987 and the end of 1990. The imports required under this agreement are roughly equal to Spain's

Spain has purchased about 7.2 million tons of corn, sorghum, and nongrain feed ingredients (mainly corn gluten feed) from non-EC sources during the first 3.5 years (1987-

The agreement is to be reviewed in the coming months. The deadline for a settlement to supersede the current agreement is the end of 1990.

Table 14--Summary of EC set-aside program, 1989/90

Member country	Deadline for application	Premiums	Land set aside 1988/89	Land set aside 1989/90	Total Land set aside
		ECU per hectare per year		----- hectares -----	
Belgium	Sept. 30, 1989	170 Less Favored Areas in the Ardennes 230 Less Favored Areas in the Famenmes and Fagna 290 Sandy areas 420 Sandy/silty areas	352	148	500
Denmark 1/	NA	NA	NA	NA	NA
France	May 31, 1990	cat. I 160-280) by group of cat. II 200-330) regions on cat. III 250-380) the basis of cat. IV 300-430) gross margin) and fixed inputs	15,707	22,000 2/	37,707
Germany, West	Variable Approx. July 31, 1989	300-600 on the basis of land quality	165,125	57,259	222,384
Greece	Oct 15, 1989	Less Favored Areas 100 non irrigated 200 irrigated Other areas 120 non irrigated 250 irrigated	--	2,505	2,505
Ireland	Dec. 9, 1989	220	1,310	382	1,692
Italy	March 31, 1990	380 mountain and hill farms in less favored areas 400 hill farms in other areas 440 other farms of the plains 550 farms of the Po plain	91,617 3/	90,000 2/	181,617
Luxembourg	Sept. 30, 1989	220	6	31	37
Netherlands	No deadline, all year round	700	2,621	5,716	8,337
Portugal 4/	NA	NA	NA	NA	NA
Spain	Period between Jan. 1 and Feb. 28, 1990	100 less favored Areas 120 other areas 170 areas less intensively irrigated 220 areas moderately irrigated 300 areas intensively irrigated	34,229	18,000 2/	52,229
United Kingdom	Aug. 31, 1989	270 less favored Areas 300 other areas	54,779	55,878	110,657
Total			365,746	251,919	617,665

4/ Portugal is not required to implement the program until 1994.

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Table 15--Spanish imports of corn, sorghum, and selected nongrain feeds 1/

	Imports from U.S.		Total non-EC imports	
	Quantity	Value	Quantity	Value
	1,000 tons	Million dollars	1,000 tons	Million dollars
1983				

Corn	2,932	417	4,251	615
Sorghum	91	15	315	47
- Total	3,023	432	4,566	662
1984				

Corn	1,791	266	2,554	379
Sorghum	452	60	841	113
- Total	2,243	326	3,395	492
1985				

Corn	2,471	311	3,694	467
Sorghum	0	0	3	0.4
- Total	2,471	311	3,697	467
1986				

Corn 2/	1,023	140	1,077	147
Sorghum	0	0	0	0
Corn gluten	118	17	118	17
Brewers grains	15	2	15	2
- Total	1,156	159	1,210	166
1987				

Corn 3/	419	39	437	41
Sorghum	0	0	22	2
Corn gluten	279	42	280	42
Brewers grains	108	18	108	18
- Total	806	99	847	103
1988				

Corn	1,864	225	1,981	242
Sorghum	192	23	210	25
Corn gluten	333	54	333	54
Brewers grains	45	8	45	8
- Total	2,434	310	2,569	329
1989				

Corn	874	131	943	143
Sorghum 3/	226	29	329	31
Corn gluten	477	73	477	73
Brewers grains	77	14	77	14
Citrus pulp	0	0	11	1.6
- Total	1,654	247	1,837	263
1990 (January-May)				

Corn	1,424	205	1,498	216
Sorghum	158	22	158	22
Corn gluten	253	41	253	41
Brewers grains	41	6.3	41	6.3
Citrus pulp	16	1.8	17	2
- Total	1,892	276	1,967	287

1/ Figures include imports into Balearic Islands but do not include imports into the Canary Islands. While the Canary Islands are part of Spain, they are not under the Common Agricultural Policy of the EC.

2/ Most of this corn was imported during January-February 1986, before the CAP levies came into effect.

3/ 55,158 tons were imported under the U.S.-EC Interim Agreement.

Source: Spanish Customs Trade Data.

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Oilseeds

1989 output of the three major oilseeds—rapeseed, sunflowerseed, and soybeans—fell for the second straight year in response to lower support prices. 1990 production of all three oilseeds is forecast to increase, and output may be near-record.

1989 Production Down, 1990 Output Rebounds

Total oilseed production in the EC fell in 1989/90 for the second straight year. 1989 output of oilseeds was estimated at

11.0 million tons, a decline of 5 percent from 1988's production of 11.5 million tons. Rapeseed production dropped from 5.2 to 4.9 million tons, as producers responded to poor returns and disappointing yields in the previous year and reduced rapeseed area in France and the United Kingdom. Sunflowerseed output declined from 3.98 to 3.50 million tons. Producers reduced sunflower acreage in response to a large decline in the effective support price in the 1988/89 crop year. Increased area and higher yields contributed to a rise in soybean output from 1.66 million tons in 1988 to 1.95 in 1989, despite a small reduction in the 1988/89 adjusted support price.

Total oilseed production in 1990 is forecast to increase to 12.8 million tons, an increase of 17 percent over 1989. If realized, this level would exceed the 1987 record output of 12.4 million tons. The EC Commission's official estimate of the 1990 rapeseed crop for establishing the stabilizer-adjusted support price is 5.842 million tons, the second highest on record. Large increases in rapeseed area in West Germany, the United Kingdom, and Denmark, and higher-than-expected area in France, were responsible for the rise in output.

EC sunflowerseed output is forecast to be a record 4.36 million tons. French sunflower sowings rose by more than 30 percent, as persistent drought in southern France led producers to plant the more drought-resistant sunflower instead of corn. Sunflower area increases can also be traced to higher stabilizer-adjusted support prices. Soybean production is forecast at 2.0 million tons, with Italian production increases offsetting a decline in area in France.

Output Continues To Exceed MGQ

Production of all three major oilseed crops in 1989 exceeded the production ceiling, or maximum guaranteed quantity (MGQ) set for each crop, triggering reductions in the policy price. Oilseed policy prices are reduced by 0.5 percent for each 1 percent that oilseed production exceeds the MGQ. The price penalty applies in the same year of the overproduction, in contrast to the stabilizer mechanism for grains, which reduces policy prices in the following year. When price cuts occur, they are taken each year from the official prices, rather than from the previous year's price, as for grains.

Overproduction of rapeseed and sunflowerseed was less in 1989 than in 1988, resulting in smaller price cuts and an increase in adjusted support prices (table 16). Target prices, adjusted for stabilizer deductions, rose over the previous year by 4.8 percent for rapeseed, and by 17.1 percent for sunflowerseed. Soybean output exceeded the MGQ by a greater amount in 1989, hence the adjusted soybean guide price fell by 10 percent from its 1988 level.

Large stabilizer price cuts are expected for the 1990/91 marketing year as a result of increased output. Production of

rapeseed, sunflowerseed, and soybeans are all expected to exceed their MGQ again in 1990/91, and by a greater amount than in 1989/90. The EC's estimate of rapeseed production of 5.842 million tons exceeds the rapeseed MGQ by 29 percent, resulting in a 14.5-percent cut from the official target price. Forecast sunflowerseed and soybean output will result in target and guide price reductions of about 22 percent for sunflowerseed and 26 percent for soybeans, with corresponding reductions in the intervention and minimum price. As a result, producer prices will be lower in 1990/91 than in 1989/90.

Stabilizer Results Mixed

The EC's oilseed stabilizer has had mixed success in achieving the goals of restraining output growth and controlling budget costs of the oilseed program. A system of price penalties and production ceilings has been in effect for rapeseed since 1982, for sunflowerseed since 1986, and for soybeans since 1987. Nonetheless, production has exceeded production thresholds in nearly every year since their institution. Penalties for overproduction were weak in the earlier years but, since the 1988 policy revisions, price cuts have been more substantial—frequently between 10 and 20 percent. The stabilizer may have helped to slow the explosive growth in oilseed output of the early- to mid-1980's, but production continues to exceed MGQs despite the price cuts. Budget outlays have continued to rise, although at a slower rate in the face of stricter penalties for overproduction, and despite higher 1988/89 world oilseed prices that lowered the per ton cost of oilseed support. Expenditures for oilseed support rose by 178 percent from 1985 to 1989, and continue to command a significant portion of available funds for agricultural support (table 17).

One possible explanation for the failure of the oilseed stabilizer to rein in production is that price signals are unclear. Producers have no way of knowing what the price penalty will be before they plant. The reduction in the policy price

Table 16--EC oilseed prices--nominal policy prices and prices with stabilizer adjustments

	1988/89		1989/90		1990/91	
	Policy	Adjusted 1/	Policy	Adjusted 1/	Policy	Adjusted 1,2/
----- ECU/ton -----						
Rapeseed						
Target	450	416	450	436	449	380
Intervention	408	373	408	394	407	337
Sunflowerseed						
Target	584	468	584	548	583	455
Intervention	535	419	535	499	534	417
Soybean						
Guide	559	501	559	451	558	413
Minimum	489	432	489	382	489	344

1/ Adjusted for stabilizer deductions.

2/ Estimated based on EC official estimates and announced price cuts for rapeseed, forecast production for sunflowerseed and soybeans.

Source: Agra Europe, CAP Monitor, and ERS estimates.

Table 17--EC budget expenditures for oilseeds

Year	Oilseeds	Total outlays 1/	Percent
	---Million ECU---		Percent
1985	1,111	19,843	5.6
1986	2,028	22,193	9.1
1987	2,678	23,176	11.6
1988	2,972	27,658	10.7
1989 2/	3,094	25,876	12.0

1/ EAGGF Guarantee Section outlays.

2/ Estimates based on Commission documents.

Source: EC Commission, ERS estimates.

is determined after the Commission's estimate of the current year's harvest. Producers may not even know the policy price on which stabilizer cuts are based, since price-setting is usually not completed until well after the winter rapeseed crop is in the ground. As a result, producers appear to be responding to the previous year's stabilizer-adjusted price—their most recent information—in making production decisions. Large price cuts for rapeseed and sunflowerseed have been associated with a decline in acreage in the following year (figures 16 and 17). Soybean acreage, in contrast, has shown only modest declines in response to price cuts. The Community's system of green currencies for converting agricultural support prices to national currencies may be partly responsible. For example, a 20-percent cut in the ECU-denominated soybean minimum price in 1989/90 reduced prices in national currencies by only 7 percent after green rate conversions.

Producers also have some information on the prices of competing crops. The grain stabilizer affects the same year's price through an additional coresponsibility levy of up to 3 percent if the MGQ is exceeded, but reduces the intervention price by 3 percent the following year. Thus, part of the grain price reduction is known at planting time. Excess grain production resulted in a 3-percent cut in grain intervention prices in 1989/90, and an additional 3-percent cut in 1990/91. Two years of grain price reductions may have made oilseeds a more attractive alternative to grains, boosting 1990 production. Continued yield increases have also contributed to the growth in oilseed output.

The current oilseed production ceilings are due to expire at the end of this year. Expanding sunflowerseed production in Spain and soybean production in Italy, compounded by the addition of East Germany's rapeseed-producing capacity, will undoubtedly create pressure to raise the oilseed MGQs. However, any weakening in world oilseed prices could increase EC oilseed outlays, threatening the tenuous control on the EC budget and pressuring the Commission to retain current MGQ levels. The scheduled stabilizer review will coincide with a GATT-imposed deadline for revising the oilseed regime to comply with the GATT panel ruling, as well as the scheduled conclusion of the Uruguay Round.

Figure 16

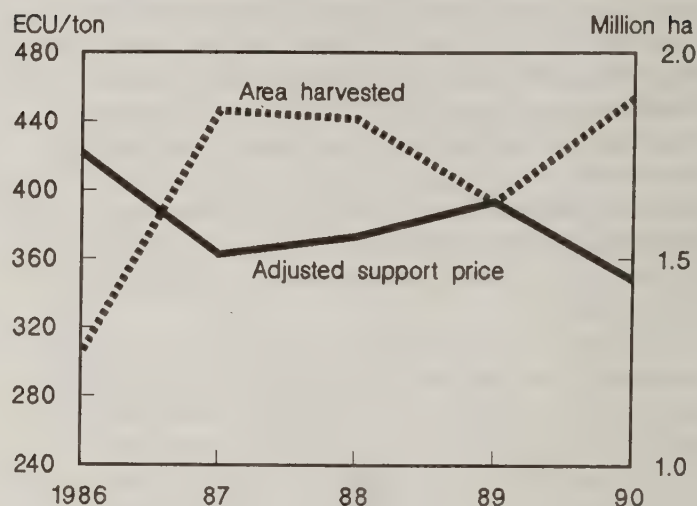
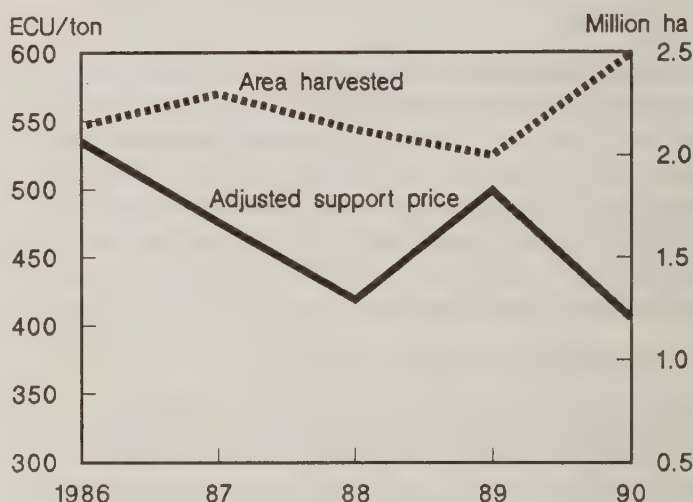
Rapeseed: EC Support Price and Area

Figure 17

Sunflowerseed: EC Support Price and Area**Demand for Oilseeds and Products Rises**

Demand for protein feeds, including oilseed meals, was stronger in 1989/90 due to stronger demand from the livestock sector. The dairy herd declined more slowly than in recent years and poultry continued to expand by as much as 2 to 3 percent per year.

Oilseed meal prices have also become more competitive relative to feed grains, favoring increased meal use. Meal use rose due to lower supplies of competing proteins (dried fodder, protein peas, and beans) following the 1989 drought in France. Crushing was more profitable as oilseed prices declined from last year's drought-affected, high levels. Domestic utilization of vegetable oil continues to rise slowly, about 1 to 1.5 percent per year.

Soybean meal is increasingly being displaced by low-glucosinolate rapeseed meal, as well as by domestically produced protein crops (peas and beans), and imported corn gluten feed. More double-low rapeseed (rapeseed that has a low content of two undesirable components—glucosinolates and erucic acid) is being planted in the EC. Single-low rapeseed (low in erucic acid) has been prevalent for many years, but high glucosinolate levels limited its use as animal feed. In 1992, subsidies will be paid only on rapeseed that qualifies under EC standards as double-low.

Imports Higher in 1989/90

The EC's total imports of oilseeds, oilseed meal, and vegetable oil are expected to be higher in 1989/90 (October-September year). Reduced availability of protein meal from 1989's smaller crop in the EC and an expanding livestock sector spurred increased demand for protein meal. Improved crush margins within the EC favored oilseed imports over protein meals. EC demand for imported vegetable oil also rose due to decreased crushings of the higher-oil-content rapeseed and sunflowerseed.

New Support Prices Mixed

Support prices for the 1990/91 oilseed crops were set in April as part of the EC's annual price fixing. Policy prices were unchanged in ECU terms, but green rate changes will result in higher prices in France and the United Kingdom, and slight reductions in Germany.

GATT Rules Against EC in Oilseed Dispute

The United States Trade Representative's (USTR) investigation of the Section 301 (unfair trade practices) complaint against EC oilseed subsidies was completed in July 1989. The complaint charged that the EC's subsidies resulted in an increase in EC production of oilseeds and protein crops that displaced imports of U.S. soybean and soybean meal, nullifying the zero tariff on soybeans and soybean meal bound under the GATT. The United States also sought resolution of the complaint under the GATT's dispute settlement procedure. In July 1989, the USTR ruled that the EC's oilseed policies constitute an unfair trade practice subject to retaliatory action under Section 301, but delayed action pending the outcome of the GATT panel.

In January 1990 the GATT Council adopted a panel finding that the EC's price support regime for oilseeds is inconsistent with the GATT rule on national treatment of imported goods and that the regime impairs the benefits to the United States of the zero-tariff concession. The EC accepted the panel ruling and stated that it will adapt the Community's regulations within the framework of the implementation of the results of the Uruguay Round.

The Uruguay Round negotiations are scheduled for completion in December 1990 and resulting commitments on oil-

seeds will be implemented in the 1991/92 marketing year. The EC would like to resolve this issue in the context of a proposed "rebalancing" of support for oilseeds vis-a-vis grains that would imply border protection on oilseed imports (see special article on GATT). This concept has been strongly rejected by the U.S. Government.

Alternatively, the EC could deal with the discrimination ruling (although not the impairment ruling) by paying deficiency payments directly to producers, rather than to processors. EC prices to oilseed producers have been as much as 2-3 times the world market price as a result of oilseed support. Eliminating this support would likely make oilseed production uneconomical in the Community. The United States will monitor EC compliance with the ruling. If the EC fails to implement satisfactory measures, further action is possible under Section 301.

Whatever the outcome, U.S. soybean exports to the EC are unlikely to resume their earlier peak levels. Any increase in EC soybean imports will be shared by South American soybean exporting countries (Argentina, Brazil and Paraguay). Countries that export rapeseed, such as Canada and Poland, would also be expected to benefit from any significant reduction in EC oilseed output.

German Unification Adds to EC Rapeseed Base

After the July 1, 1990, institution of the German economic union, the EC's market intervention system and prices—including support prices for oilseeds—was introduced into East Germany. Rapeseed is the only oilseed produced in significant quantity in East Germany. East German rapeseed output was 430,000 tons in 1989, of which about 50 thousand tons were exported. Most of the rapeseed produced in East Germany is of the single-low or high-erucic-acid varieties. Double-low varieties were introduced in 1990. East German policy had established high producer prices and low consumer prices to encourage production and use of domestic crops. EC producer prices will be effective with the 1990 harvest.

The addition of East German rapeseed will increase the EC's rapeseed output by slightly less than 10 percent in the near term. East German rapeseed production could be greater in the longer term as improved varieties and cultivation practices are introduced. Also, in the near term, more rapeseed should be available for export from East Germany as the demand for domestic oilseed products declines in favor of Western products, and as crushing declines during renovation of processing facilities. How this increased production will be accommodated under the EC's maximum guaranteed quantity ceiling may be determined in the course of the 1991 review of the oilseed stabilizer.

Uruguay Round Outcome Could Affect Oilseed Market

The outcome of multilateral trade negotiations could have important implications for EC oilseed production, and for U.S. exports to the EC. Of key importance is the EC's proposal for rebalancing the support and protection of grains vis-a-vis oilseeds and imported, nongrain feed ingredients. Zero or low tariffs on oilseeds and nongrain feeds allow these products to enter and trade on the EC market at world market prices. Substantial EC support and protection for grains keep feed grain prices high within the Community. As a result, livestock producers' response to relative prices is to use less domestic grains and increased amounts of oilseed meals and nongrain feeds in feed rations.

High grain prices also encourage grain production; the excess that is not absorbed by the domestic livestock industry must be exported through the use of export subsidies, at a significant cost to the EC budget. The EC favors a rebalancing scheme that would increase protection on oilseeds and nongrain feed ingredients in exchange for reduced support to grains.

The EC is the world's largest importer of oilseeds and products and the largest market for U.S. oilseed exports. In fiscal year 1989, U.S. exports of oilseeds and products (mainly soybeans and soybean meal) amounted to \$1.3 billion and accounted for about one-third of total U.S. agricultural exports to the EC.

The tariffication scheme proposed by the EC would convert oilseed deficiency payments to tariffs. Conversion of current payments to tariffs could result in oilseed tariffs of \$190 to \$330 per ton, or 58 to 150 percent on an *ad valorem* basis.

[Mary Anne Normile (202) 786-1611]

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Beef, Pork, and Poultry

Dairy Quota, Beef Buildup, and Animal Health Dominate Beef Market

The dairy quota and the hormone ban continue to dominate domestic EC beef production and affect U.S. exports (figure 18). A recent outbreak of a mysterious disease among cattle in the United Kingdom has depressed demand in the United Kingdom and Ireland sufficiently to trigger the EC's safety net mechanism. Abnormally high imports from East Germany and Poland, an increase in EC production levels, and poorer EC quality are also depressing prices. The EC has already expanded the intervention quota from 200,000 tons to 235,000 tons and expectations are that it will have to be expanded again.

The EC dairy herd is expected to decline less than last year because the dairy quota was expanded by 1 percent, even though prices of dairy products were lowered. Dairy cattle numbers will likely decline slightly in 1990. Any decline in dairy cow numbers should be more than compensated for by an increase in the beef herd. So total beef production is likely to be up slightly in 1990/91.

Mad Cow Disease and Other Factors Depress Consumption

A recent outbreak of bovine spongiform encephalopathy (BSE) in the United Kingdom and Northern Ireland has alarmed consumers, cut into EC consumption, exports (figure 19), and subsequently into prices. Eventually it should affect production. The mysterious disease is referred to as "mad cow" disease and has resulted in over 14,000 head of cattle being destroyed in the United Kingdom. West Germany, France, and Italy temporarily refused to accept UK beef exports, but the need to continue progress towards the goal of dismantling EC borders by the end of 1992 provided

Figure 18
EC-12 Beef and Veal Supply and Use

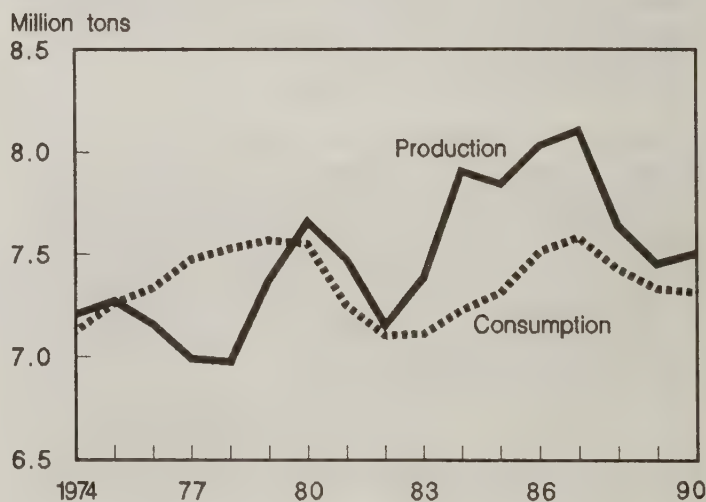
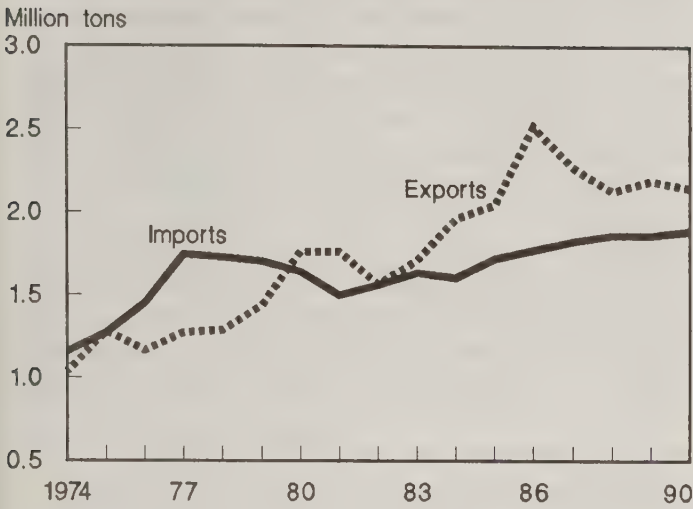


Figure 19
EC-12 Beef and Veal Trade



sufficient political imperative to resolve the problem through stringent inspection and certification procedures. Consumption of beef in the United Kingdom and Ireland has plummeted, and the EC's safety net for beef was activated when prices dropped by more than 25 percent to reach less than 80 percent of the reference price.

Weakness in the EC's beef market was evident before the BSE scare. Stiff competition from the pork and poultry sectors, a buildup in specialized beef herds, the 1-percent increase in the dairy quota, lower quality (as young bulls replaced heifers on the market) to some degree, and generally weak demand (because of health concerns) would likely have resulted in a buildup of EC stocks in spite of the drastic reduction of the intervention price in 1989. While intervention is now limited to 235,000 tons annually, unlimited intervention is activated when prices are 80 percent of the intervention price in the most important markets. Most EC markets were below that level by late September. EC beef intervention levels dropped drastically last year but could go above 400,000 tons this year. With greater EC intervention, exports to the world beef market could increase in the next few months.

Hormone Ban Continues To Thwart U.S. Trade

The EC's hormone ban that was invoked on January 1, 1989, continues in force (see "U.S.-EC Agricultural Trade" for further discussion). The ban has resulted in an annual decline in U.S. exports of over \$90 million. October-September 1989/90 exports of U.S. beef and veal and edible offals to the EC are continuing to decline.

Recent discoveries of DES (a carcinogenic growth promotant) in German calves, along with an outbreak of illness among consumers in Spain after eating meat illegally treated

with concentrated injections of hormones, have lowered demand for beef in the EC.

Swine Disease and Production Create Volatile Market

EC pig prices are expected to increase and feed grain prices are expected to drop, so a slight expansion in pig numbers in the EC is likely through the spring of 1991. Pig numbers were down 2 percent in the 1989/90 (April-March) marketing year, the first decline in several years. Low slaughter numbers led to a reduction in the EC's threshold price for the first time in years. This allowed an increase in pig meat imports in 1989.

An outbreak of swine fever in Belgium has resulted in the destruction of over 350,000 pigs and an additional 250,000 may have to be slaughtered this year, keeping production lower than it would have been. The latest EC projections point to a slight increase in production for the 1990/91 marketing year (figure 20).

Pork Export Demand Leads To Small Growth in EC Production Forecast

Growth in EC demand is moderate but exports to the U.S. and Eastern Europe are buoying hopes for increased exports (figure 21). However, East German exports to West Germany have depressed prices in the EC market. In addition, Taiwan has been very aggressive in the Japanese markets and is expected to reduce Denmark's pig meat exports to Japan. Nevertheless, Danish exports to Japan reached a record 135,000 tons in 1989. Danish sows-in-pig were up 1.8 percent over a year ago because export markets are expected to remain robust, particularly due to orders from Korea.

Poultry Export Demand the Principal Growth Factor

Broiler production is expected to rise slowly into the next year in the major producing areas while turkey production is

Figure 20
EC-12 Pork Supply and Use

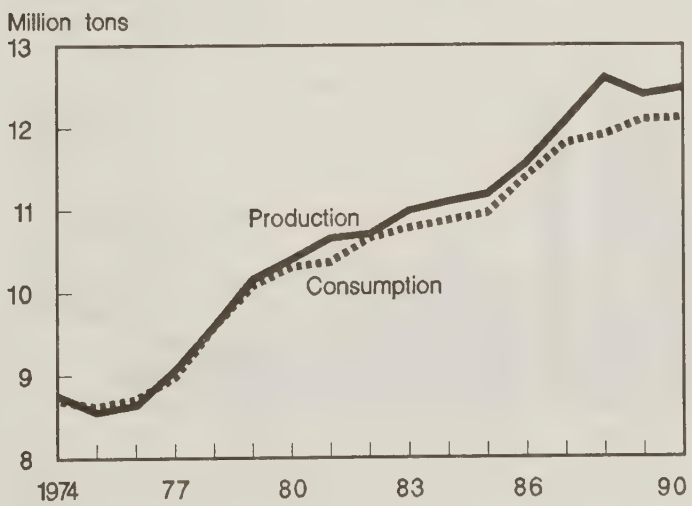


Figure 21
EC-12 Pork Trade

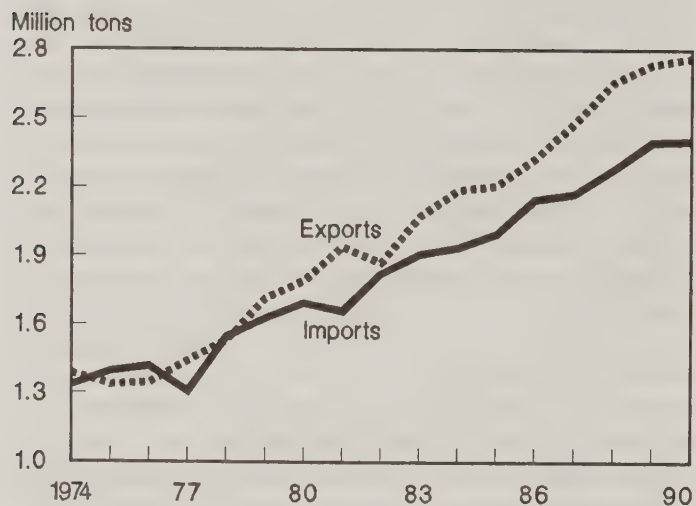


Figure 22
EC-12 Poultry Supply and Use

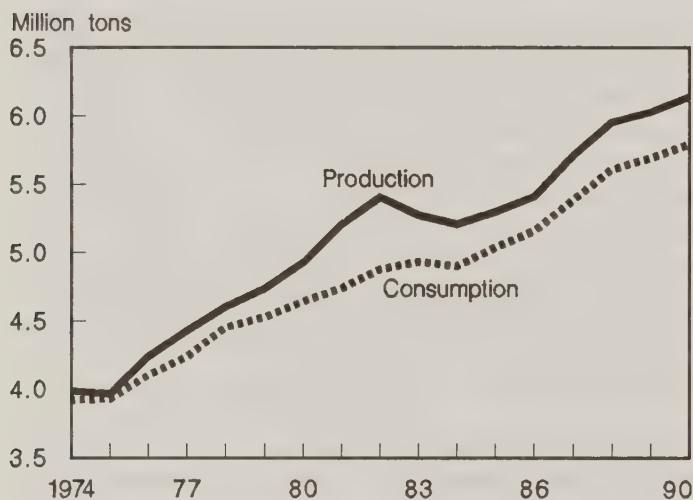
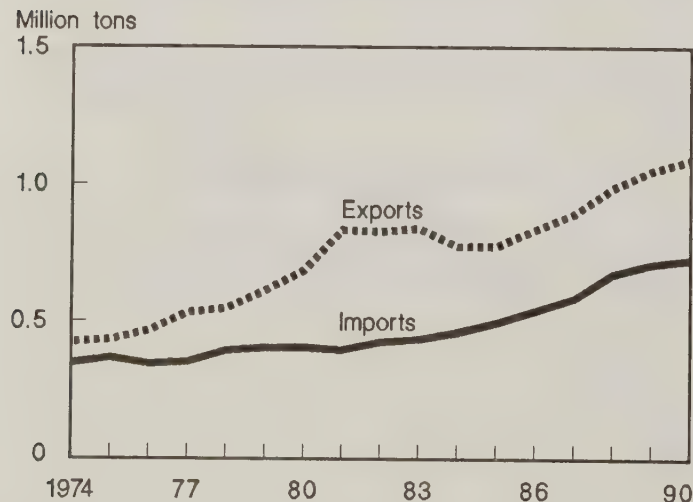


Figure 23
EC-12 Poultry Trade



expected to continue expanding, but at a slower rate than last year (figure 22). Lower feed prices and continued strong demand for poultry exports are the principal reasons for the modest expansion. The overall expansion of poultry is not likely to exceed past levels as EC consumption growth is still recovering from the salmonella scare in the United Kingdom, and overall EC consumption is apparently slowing down. Broiler production is expected to rise by around less than 1 percent, only because of continued export growth.

EC poultry exports have been robust as France and Denmark had record exports in 1989 (figure 23). French and Danish exports are expected to continue at high levels because of export demand in the Middle East and because of EC export refunds. French and Danish broiler exports increased sharply in early 1990, and the Dutch also saw exports expand. However, the Dutch expansion was confined to supplying fellow EC members, while its extra-EC exports declined. French exports in the first quarter were up by over 10,000 tons, while Danish exports were up by nearly 5,000 tons.

[David R. Kelch (202) 219-0610]

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Sheep and Goats

The EC's sheep and goatmeat sector experienced continued growth in production and herd sizes in 1989 (figure 24). Herd sizes are estimated to have increased in all member states except Greece and France, where sheep numbers, in contrast to the EC as a whole, have been declining in recent years. Attractive sheepmeat prices, lower prices for grains, and the introduction of the milk quota have contributed to the growth in production. A second year of drought through much of Europe and low consumer demand for sheepmeat put pressure on prices in late summer of 1990. Increased supplies from the United Kingdom, Ireland and Eastern Europe on the French market have prompted violent demonstrations by French sheep farmers against imports.

Market Regime Reorganized

In September 1989 the Council approved a reorganization of the market regime for sheepmeat. The new market regime will establish a single sheepmeat market, with a unified price and a single support mechanism. Under the previous regime, support to farmers could be provided either through intervention buying or through a variable premium (a type of deficiency payment). Reference prices were set for seven separate regions in the Community to reflect local sheepmeat prices. Farmers received an annual premium based on their herd size and the reference price. In practice, only Great Britain has used the variable premium to support its farmers. Intervention buying has not been necessary and payments of the annual premium are the main form of support for most sheep farmers.

Under the new market organization, a private storage scheme has replaced intervention buying, and the variable premium for Great Britain will be phased out over the next 3 marketing years. By 1993, reference prices will be harmo-

nized throughout the Community. During the transition period, the number of regions for which reference prices are set will be reduced to five (for 1990), and then to two (for 1991 and 1992).

In establishing the new regime, the Commission had to find a compromise between the interests of farmers who raise sheep for meat (farmers in northern EC countries) and those who raise them for milk (chiefly Greece, and parts of Spain and Italy). The annual premium paid to sheep milk producers, who raise lambs primarily for the production of sheep milk and cheese (and therefore slaughter them while still "light"), has been set at 70 percent of that for "heavy" lambs. Heavy lambs are defined as lambs fattened for at least 45 days and weighing at least 25 kilograms.

Relative to total EC spending on agriculture, the costs of the sheepmeat regime are not large. However, they have been steadily increasing, and have accounted for an important part of the increase in spending for livestock (figure 25). A stabilizer mechanism was first applied to the sheepmeat sector in 1988 and has been continued under the new market organization. The maximum guaranteed level (MGL) was set at the EC's 1987 herd size—63,400,000 head of ewes. For every 1 percent the MGL is exceeded, the basic price is reduced 1 percent. The MGL was exceeded in 1988 and is expected to have been exceeded in 1989 as well.

In addition to the MGL, a headage limit has been introduced for the annual ewe premium. The number of ewes eligible for the annual premium has been limited to the first 500 lowland ewes and the first 1,000 hill ewes (herds in less favored areas), which earn the full annual payment. For ewes above those numbers, farmers receive only half the annual premium.

Figure 24
EC-12 Sheepmeat Supply and Use

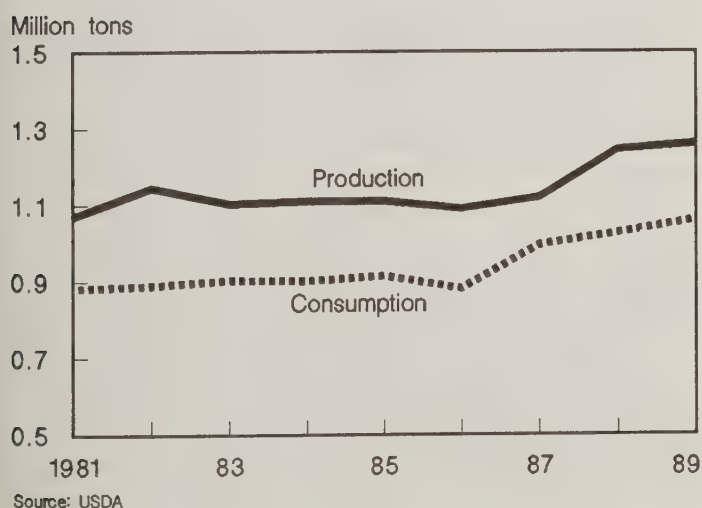
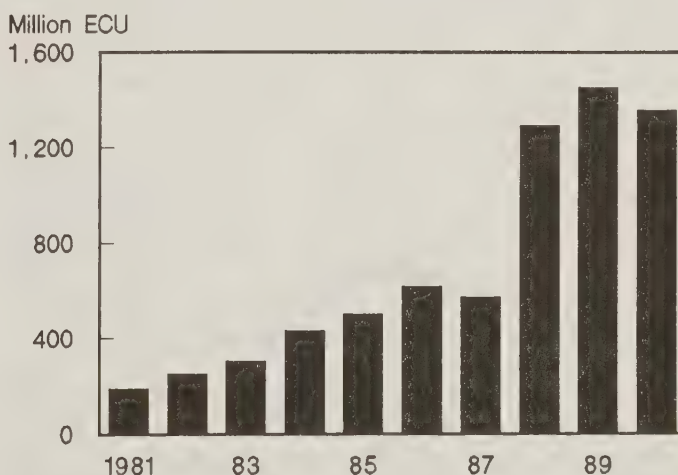


Figure 25
EC Budget Expenditures for Sheepmeat



Voluntary Export Restraints Renegotiated

Trade in sheepmeat with third countries is governed by a series of Voluntary Export Restraint (VER) agreements. The most important of these is with New Zealand, the Community's largest supplier. The New Zealand VER was renegotiated in 1989 and new quota limits were established. The agreement applies retroactively from January 1, 1989, until the end of 1992. The amount of frozen sheepmeat New Zealand is allowed to ship to the EC was reduced from 245,500 tons to 205,000 tons. The 10-percent levy on sheepmeat has been abolished, and amounts paid while the agreement was being negotiated will be refunded. New Zealand will be permitted to ship 6,000 tons of chilled lamb in 1989, and the amount will increase by 1,500 tons annually until 1992.

VERs were also renegotiated with Argentina and Australia. Argentina will ship 19,000 tons, with a ceiling of 1,200 tons of chilled meat (increasing to 1,400 tons in 1991, and to 1,600 tons in 1992). Australia was given a quota of 17,500 tons of which 2,000 tons can be chilled meat (increasing by 500 tons in both 1991 and 1992). Restraint agreements with Bulgaria, Hungary, Poland, East Germany, Czechoslovakia and Yugoslavia were concluded in March 1990 and will apply until the end of 1992. These exporters will also benefit from the waiver of the 10-percent levy.

Greater Self-Sufficiency Expected

Sheepmeat is one of the few major sectors in which the Community is not yet self-sufficient. EC self-sufficiency is estimated at 83.4 percent for 1989, having increased from 70 percent in 1980 when the sheepmeat regime was first introduced. The continued growth in production, while per capita consumption of sheepmeat has remained stable, should allow the Community to attain complete self-sufficiency in this sec-

tor. The new market organization should encourage production to shift to more efficient producers in the UK and Ireland, and away from producers in France and Germany. The continued positive development of intra-EC trade in sheepmeat, and live sheep, is expected (figure 26).

[Mary Lisa Madell (202) 219-0610]

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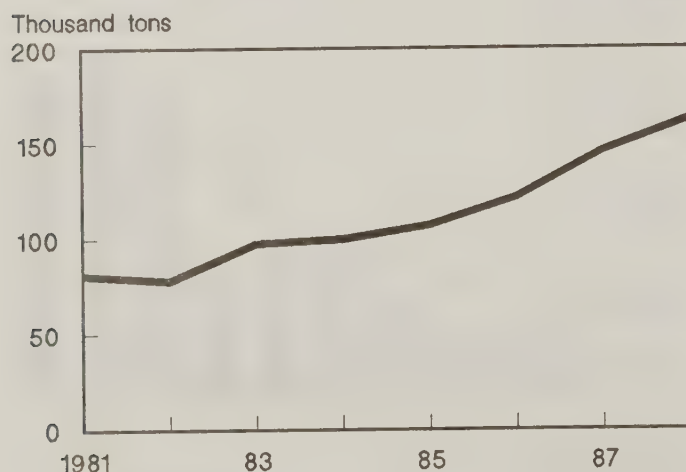
Dairy

Milk Production and Deliveries Down Slightly

EC milk deliveries declined 0.5 percent during calendar year 1989, as dairy cow numbers fell 1.2 percent from a year earlier and production per cow increased 0.6 percent. Skim milk powder production increased 5.5 percent over 1988 to 1.4 million metric tons. To put that in perspective, that is one-third less than in 1986. Butter production was steady at 1.7 million tons in 1989, which was more than 25 percent less than in 1986. Cheese production was up 1.1 percent to a record 4.35 million metric tons.

Final figures for the 1989/1990 EC milk quota year that ended April 2, 1990, are expected to show that milk deliveries were above the quota ceiling, requiring payment of superlevy in those countries that exceeded their national quotas. Because the EC adjusts actual deliveries of milk according to milkfat content, final milk statistics for 1989/90 are not yet available, but indications are that Ireland, Denmark, West Germany and France—and possibly other member states—exceeded their quotas. In an attempt to remain within the national milk quota, Dutch farmers sold milk to brokers for export to nearby countries. These shipments through the so-called "black milk circuit" are considered to be a loophole in the quota system that the Commission would like to close. Among the overproducers, France was expected to owe approximately 750 million French francs (approximately \$115 million) in superlevy penalties, according to ONILAIT, the French dairy organization.

Figure 26
Intra-EC Sheepmeat Trade



Source: EC Commission.

The Commission's outlook to 1995 is for milk production to exceed quotas by about 0.3 percent per year and for cow numbers to possibly decrease another 2 million over the next 5 years (EC Commission, *Commission Proposals*, 1990).

Milk production in the non-EC countries of Western Europe was down 0.3 percent from 1988 and is expected to be virtually unchanged in 1990. Butter production was up 2.2 percent from 1988, but was still 10 percent below 1985 production. Skim milk powder production rose 10 percent above 1988, but was still 21 percent below 1985 production.

As a part of a plan to reduce government spending on agriculture, Finland's milk production would fall from 2,547 million liters in 1989 to 2,100 million liters, a reduction of 17.5 percent. The two main features of the dairy component of the plan would be a buyout program and elimination of the current waiver of penalty on the first 10,000 liters of annual, above-quota milk production.

Consumption of Most Dairy Products Decreased in 1989

EC fluid milk consumption rose 0.6 percent in 1989, marking the second consecutive annual increase. Butter consumption, which has been falling due to lowfat substitutes, dropped 13.4 percent in 1989, hurt by higher market prices. Consumption of skim milk powder was also sharply down, falling 18.0 percent from 1988. Cheese consumption was up 1.2 percent, the largest increase among the main dairy products.

The Commission expects human consumption to remain stable for the next 5 years, but total consumption could fall by 10 million tons if subsidized use is discontinued (EC Commission, *Commission Proposals*, 1990). The Commission is particularly concerned with the declining consumption of butter, cream, and other fat-based products. It is therefore seeking a realignment of the fat/protein-support-ratio to favor production of milk with a lower fat content.

Consumption of dairy products in non-EC countries of Western Europe continued trends of the past 5 years. Fluid milk consumption fell 1.2 percent in 1989. Butter consumption was down 2.6 percent. Skim milk powder use was unchanged. Cheese consumption rose 1.3 percent, the only increase among the main dairy products.

Trade in Dairy Products Fell in 1989

Net exports of butter from EC countries to non-EC countries dropped 50 percent in 1989 to an estimated 259,000 tons. The decline was a return to "normal" following the enormous net exports of 511,000 tons in 1987 and 525,000 tons in 1988, when the EC depleted public stocks through sales to the Soviet Union. Net exports of skim milk powder fell 40 percent in 1989 to 358,000 tons, also reflecting the lower availability of public stocks.

The non-EC countries of Western Europe, as a group, are net importers of relatively minor amounts of dairy products. Net imports have been about 10,000 tons (milk equivalent) annually since 1983.

Stocks Pressure Building Again

EC butter stocks fell 21 percent to 358,000 tons in 1989, less than one-fourth their peak at the end of 1986. EC public butter stocks, reduced virtually to zero early in 1989, stood at 21,000 tons at the end of 1989. By July 1990 they had grown to 160,000 metric tons.

Skim milk powder stocks (public and private) began building again in 1989 after 2 years of decline, rising 26 percent to 282,000 tons. Public SMP stocks stood at 160,000 tons in July 1990.

With butter and cheese stocks virtually unchanged in 1989, skim milk powder stocks in non-EC, Western European countries increased 45 percent to 42,000 tons.

Budget Outlays Decline

Dairy budget expenditures declined almost 17 percent in 1989 to 4.9 billion ECU, with smaller stocks and higher market prices than in 1988. The dairy budget is projected to decline to 4.3 billion ECU in 1990, but export subsidies could rise due to lower international prices and a determination by the Commission to keep stocks from growing as they have in the past.

Quota and Superlevy Increased in Autumn 1989

World prices for dairy products have weakened since autumn 1989, and EC policy actions and reactions could have large consequences for these markets in the future. In November 1989 the EC decided to increase milk production quotas by 1 percent, retroactive to April 1989. However, it took two offsetting measures to ensure budget neutrality: 1) increasing the superlevy from 100 percent to 115 percent of the milk target price for all production in excess of the new quotas, effective April 1, 1990; and 2) cutting intervention prices for butter (by 2.5 percent) and skim milk powder (by 0.75 percent) effective March 1, 1990. EC milk production was on pace to exceed the old quotas in spite of the pre-existing 100 percent superlevy, which was imposed to discourage overproduction. Also in 1989, the Dutch converted from applying milk quotas at the farm level to application at the processor level.

1990/91 Price Package Retains Dairy Coresponsibility Levy

The EC Commission was successful in retaining milk coresponsibility levies (CRL) in this year's price package, despite pressure from the Council of Agriculture Ministers to abolish them. The CRL is collected from farmers to help defray some of the costs of domestic and export disposal of sur-

plus dairy products. Abolishment of the CRL would raise the effective support price for milk. France particularly wanted to eliminate the CRL and finally abstained on the vote for the entire price package because the dairy CRL was maintained.

Other points in the final package affecting the EC dairy sector included the following:

- alignment (lowering) of the milk target price and dairy product threshold prices 3.5 percent, to go along with the intervention price decreases agreed to in November 1989;
- application of Irish butter intervention rules in Northern Ireland to reduce the incentive for fraudulent cross-border trade;
- a reduction in the delay of payments by the EC for butter sales into intervention from 110 to 45 days after delivery; and
- a 2-year Commission program beginning in 1991 to buy milk quotas for redistribution to small farms, provided that a member state's definition of small farms does not include more than 25 percent of its milk producers, nor farms larger than 75 percent of the average size of dairy farms in the member state.

BST Decision Delayed at Least Until December 1990

The EC Commission and Council of Ministers have agreed to ban use of bovine somatotropin (BST), also known as bovine growth hormone, at least until December 1990 to permit further study. If the Commission's report, due by October 31, 1990, is not available at least by the December 1990 expiration of the moratorium, then the BST moratorium is expected to be extended.

The EC has not decided whether or not it would ban dairy products made in countries using BST, should the EC ban BST. If the beef hormone case serves as a precedent for the BST decision, a BST ban on use by EC farmers would be accompanied by an import ban on dairy products from countries using BST.

Along similar lines, avoparcin, an antibiotic previously approved for hogs and poultry, has been approved by the EC Commission for use in cattle feed as well. Avoparcin, like BST, can increase milk production, but the distinction between the two products is that avoparcin is a veterinary product, while BST is a hormone used strictly to enhance production.

European Court Rules in Favor of UK Milk Board's Monopoly

The European Court of Justice ruled that the England and Wales Milk Marketing Board is a legal monopoly under EC laws, holding the right to assess levies to cover marketing costs on all milk sold from farms in its territory. The monopoly had been challenged by the Cricket St. Thomas Estate, which sought in the British courts to avoid paying levies on milk sold directly to consumers. The UK High Court, which had referred the case to the EC Court, still must determine whether the marketing board's charges are excessive. In addition to its potential effect on the UK dairy market, the case is considered a test case for EC competition policy as the EC approaches 1992.

German Unification To Increase EC Milk Production Quota

German unification has brought milk production in what was formerly East Germany within the CAP. Beginning April 1991, 6.59 million tons of milk quota will be added to the German allocation.

[Steve Neff (202) 219-0610]

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Sugar

Favorable Weather Boosts Output

With good weather, EC sugar beet production in 1990 is expected to rise approximately 4 percent above 1989 production. The French sugar intervention board's August forecast showed 1990 yields up less than 1 percent and area planted up 2 percent from 1989. With a mild winter and an early spring, the UK sugar beet crop got off to an early start, but the dry weather that hurt the 1989 crop persisted through early April. Nevertheless, UK production is expected to exceed the national production quota. Good weather put the 1990 Netherlands crop about 2 weeks ahead of normal.

EC sugar production rose 4 percent in 1989/1990 to 15.30 million tons on a raw basis. The warm, hot summer of 1989 had uneven effects on sugar beet production. The Netherlands had high sugar beet yields, and Ireland had a near-record output. The UK sugar beet crop was hindered in 1989 by a long dry spell and widespread infection by Virus Yellows.

Because East Germany grows sugar beets, German unification will require an expansion of the EC sugar quotas. Based on current production in East Germany, an increase of 750,000 tons of "A" quota is expected to be added to the German sugar quota. East German sugar production has averaged 685,000 tons from 1986/87-1989/90, while consumption averaged nearly 700,000 tons during the same 4 years. Consumption is expected to fall, however, because consumer subsidies have been removed, exposing East German consumers to the higher market prices prevailing in the EC.

The actual quota for East Germany remained undecided in late September 1990. The proposal before the Commission was for a quota of 870,000 tons (665,290 of "A" quota and 204,710 tons of "B" quota), but several countries were objecting that costs of export subsidies would be greater than the producer levies. The German agriculture minister, Ignaz Kiechle, was meanwhile arguing for a 950,000-ton quota.

Production statistics for 1989/90 in non-EC West European countries are expected to show an increase of nearly 14 percent above the previous year, with most of the increase occurring in Austria. With good weather for growing sugar beets in 1989/90, the crop was 17 percent above the 1980's average crop for the non-EC countries in Western Europe.

Switzerland reached 50 percent self-sufficiency for the second consecutive year, surpassing the previous year's record. Swiss sugar production fell by 3.7 percent in 1989/1990, but still stayed above the production quota. Under the new Swiss sugar program, overproduction would normally trigger producer price cuts, but the legislation allows overproduction in some years to offset shortfalls that occurred earlier in the 1980's. In the fall of 1989, the Swiss Government passed a new 10-year sugar program. Its main feature is a formula for producer price cuts when production surpasses the production quota.

Consumption Stable

EC sugar consumption in 1989/90 declined by less than 1 percent to just over 12 million tons, raw value. The Commission's outlook to 1995/96 is for consumption to remain stable (EC Commission, *Commission Proposals*, 1990).

Sugar consumption in the United Kingdom is stable, with substitution toward high-fructose sweeteners constrained by a production quota and import barriers. Health concerns about high caloric consumption are balanced by lingering

doubts about the safety of "artificial" noncaloric sweeteners such as saccharin and aspartame. In Spain, aspartame was approved during the 1989/1990 marketing year. Sugar consumption in the non-EC countries of Western Europe was virtually unchanged in 1989/90 compared with the previous year.

EC Sugar Exports Up In 1989/1990

With international sugar prices higher than any year since 1981, the EC increased net exports for the 1989/1990 marketing year by 26 percent to 3.6 million tons, raw value.

Net imports of sugar into non-EC Western Europe fell by nearly a quarter to 300,000 tons, raw value. Austria and Finland increased exports, and Finland also reduced its imports.

EC Sugar Stocks Down In 1989/1990

EC sugar stocks declined 15 percent in 1989/1990 in spite of the good sugar beet crop. This was due to price increases on international markets, which boosted exports of "C" sugar—the sugar produced in excess of quota that receives no export subsidy. For instance, the Dutch sugar industry decided, on the basis of strong world prices, not to carry any sugar over into the 1990/1991 marketing year beginning July 1. Stocks in other West European countries increased 15 percent above 1988/89, with the biggest increase in Sweden.

EC Sugar Regime Due for Review in 1990

The current EC sugar program ends in June 1991, the end of the 1990/91 marketing year. The 1990 crop that is now in the ground is the last one to be covered by the expiring program. In July 1990, the Commission, instead of proposing a new 5-year program as expected, proposed to the Council that the current quota program be extended for 2 years. Questions about the compatibility of the system of sugar quotas with the post-1992 Single Market (see related special article) and the possible impact of the Uruguay Round negotiations were the main forces behind the decision to propose a short-term extension.

If approved, the Commission's plan would maintain at present levels the global EC production quotas (12.83 million tons of combined "A" and "B" sugar production) with no change in their allocation among member states. It would also continue the system of augmenting intervention prices in Italy, Ireland, and the United Kingdom by "regionalization amounts" and the Italian national aid scheme for its refineries, with the proviso that the maximum global amount of this aid would decrease by 10 percent in each of the 2 years. The Commission proposal would eliminate (effective July 1991) the system of storage aids for carrying "C" sugar from one year to the next.

Austrian Sugar Monopoly Develops International Ties

After closing two sugar beet plants in 1988, the sole Austrian sugar company, Agrana, continues to operate three processing plants. Agrana bought 2.5 percent of Sudzucker, the largest West German sugar beet processor, and SGdzucker purchased 10 percent of Agrana. The Austrian company is also seeking cooperation with Hungarian and Czechoslovakian sugar firms, as the equipment from Agrana's two closed plants may be installed in Czechoslovakia.

Ireland May Privatize Its Sugar Monopoly

Ireland is considering privatizing the Irish Sugar Company (CSET), which is the monopoly sugar beet purchaser and processor in the country. The government, which holds a majority interest in the company, wants to use its funds for other purposes. Management also favors privatization in order to remove operating constraints, while CSET employees want assurances of job security.

Spanish Sugar Industry Improving Efficiency as End of Transition Nears

The Spanish sugar industry, which will be fully integrated into the EC sugar regime in 1993, is continuing to improve efficiency at the farm and processing levels by investments in farm machinery, improved seeds, and modernized refineries. Prior to accession to the EC, Spanish sugar beet prices were above EC prices, and still remain 17.7 percent above the EC price. Costs of producing sugar in Spain are estimated to be about 30 percent higher than the average in the EC. The number of sugar beet processing plants has fallen from 32 to 24 since 1982 and is expected to drop further to 16 plants.

[Steve Neff (202) 219-0610]

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Horticultural Products

Smaller EC Citrus Crop in 1989

The 1989 citrus harvest in the EC is estimated at 8.2 million tons in 1989, down slightly from 1988's 8.3 million. Production in Greece and Spain increased, but production in Italy fell 11 percent. The smaller Italian crop reflected the hot, dry weather last spring and winter. Estimates for the 1990 citrus crop are not yet available.

Citrus fruits make up approximately one-quarter of total EC fruit production, with Spain accounting for more than 50 percent of total output and more than half the area planted. Spain exports 90 percent of its oranges and clementines, and 70 percent of its lemons and satsumas to other EC countries.

The 1989 Spanish citrus crop is currently estimated at 4.4 million tons, up 4 percent from last year. The Spanish citrus industry had forecast a record 1989 citrus harvest of 4.8 million tons, but several weeks of persistent heavy precipitation in the important producing areas of Valencia and Castellon caused the loss of as much 400,000 tons of tangerines. Orange and lemon harvests sustained only minor losses.

Florida Freeze Curbs U.S. Citrus Exports

U.S. citrus exports to the EC during fiscal 1990 are expected to decline in volume and value from 1989. During the first 9 months of this fiscal year, the value of U.S. citrus exports has declined 38 percent. Last December's freeze in Florida has restricted supplies of U.S. export-grade fruit—especially fresh grapefruit—but tangerines and oranges are also in short supply. Because Florida grapefruit accounts for nearly all of U.S. shipments, Florida shippers will not have the required volume of high-quality fruit demanded by importers during the current season.

France, the largest EC importer of U.S. grapefruit, imported a total of 77,600 tons in 1989, with the United States supplying 84 percent. Because EC grapefruit production is small relative to demand (35,000 tons in 1989), the EC will have to seek other suppliers.

U.S. Benefits From Smaller European Deciduous Fruit Crop

Early estimates of the EC 1990 apple crop indicate another year of lower production—slightly less than 1989. Spring frost damage in the northern EC countries and storms during the blossoming period in some of the southern countries have hindered overall EC production this year.

U.S. apple and pear exports to the EC in 1990 are ahead of 1989 due to a combination of increased exportable supplies in the United States and reduced production in the EC. U.S. grape exports are expected to benefit by last season's large crop, and by rising demand in the United Kingdom and the Nordic Countries.

The EC's fresh apple production totaled an estimated 7.5 million tons in 1989, down 14 percent from the 1988 bumper crop. EC pear production also declined. The declines were due to the hot, dry summer that prevailed throughout much of Europe in 1989.

GATT Rules EC's Apple Import Quotas Illegal

Despite pressure from domestic producers' lobbies, the EC finally accepted the conclusions of a GATT panel declaring that the EC's seasonal restrictions on imports of apples from the Southern Hemisphere contravened GATT rules. How the EC will modify its system is not clear at this time.

Europe 1992 To Affect Trade in Fresh Fruit

The harmonization of procedures for intra-Community trade in fresh products, especially fruit, is an essential prerequisite for the establishment of a single market by 1992. U.S. exports of fresh fruit to the EC will continue to encounter quality controls at the border after 1992, but once imported produce is admitted to the EC, it would be treated the same as domestically produced goods.

Before fruits and vegetables can circulate freely across national frontiers, however, the EC must resolve the differences in national laws on plant health and pesticide residue levels which give rise to border checks. On the issue of pesticides, the main problem is how to identify harmful residues and what maximum levels to establish for EC trade. At present, member states are free to set national maximum residue levels higher than those prescribed in an EC directive governing intra-EC trade. This clearly leads to distortions of competition.

U.S.-EC Agreement on Canned Fruit

In 1989, the EC and the United States reached an agreement to eliminate effectively the processing element in subsidies paid to EC fruit processors. The agreement may eliminate some pressures on U.S. processors, but still leaves Greece, the largest EC producer of canned peaches, with an absolute cost advantage over the United States due to lower input costs.

The EC subsidy consists of payments to processors to offset higher domestic prices of fresh fruit. These payments became an issue because the subsidy paid to processors more than offset the higher costs, thus giving EC processors a competitive edge. The 1989 agreement narrows the cost advantage held by EC processors.

U.S. Tree Nut Exports Strengthen

EC tree nut production in 1989/90 increased to 320,800 tons, a 20-percent increase from the previous year, largely the result of a bumper almond crop in Spain (table 18). Nevertheless, the value of U.S. tree nut exports during the first 9 months of fiscal 1990 was 8 percent ahead of last year.

EC Tree Nut Policy Initiated

On September 1, 1989, the EC announced a new 10-year program to assist tree nut producers. The program encourages the establishment of producer organizations for processing and marketing nuts, with a long-term goal of improvement in productivity and quality. Although the program will not finance the planting of new acreage, funds will be provided for orchard renovation.

Industry sources in the EC predict that in the long term, imports of nuts from non-EC sources are expected to decline. The final impact of this program, however, will remain unclear until it is known how production is affected, and how many producers will participate.

Smaller EC Dried-Fruit Crop

France, the leading EC producer of dried prunes, experienced a drop in prune production in 1989 as a result of adverse weather conditions. At 23,000 tons, output was down 44 percent from a year earlier. The United States, the leading supplier of prunes to the EC, is currently experiencing a significant increase in exports over last year.

Table 18--EC tree nut production

	1987/88	1988/89	1989/90
	Tons, (in-shell basis) 1/		
France	26,500	21,500	26,200
Walnuts	26,500	21,500	26,200
Greece	12,530	22,000	19,800
Pistachios	4,030	3,000	3,500
Almonds	8,500	19,000	16,300
Italy	126,000	165,300	159,300
Walnuts	20,000	11,000	18,000
Pistachios	4,000	300	3,300
Almonds	12,000	14,000	18,000
Hazelnuts	90,000	140,000	120,000
Spain	97,000	58,000	113,000
Almonds	65,000	40,000	90,000
Hazelnuts	32,500	18,000	23,000
Portugal	2,700	1,400	2,500
Almonds	2,700	1,400	2,500
Totals by product type:			
Walnuts	46,500	32,500	44,200
Pistachios	8,030	3,300	6,800
Almonds	88,200	74,400	126,800
Hazelnuts	122,000	158,000	143,000
EC Total	264,730	268,200	320,800

1/ Almonds, shelled basis.

Source: Horticultural Products Review, FAS, USDA. Mar.1990.

French prune processors' net cost of fruit increased in 1989 due to a 1-percent increase in the minimum EC grower price. This is the first increase in the net cost of fruit after 3 consecutive years of declining costs.

EC Plans To Limit Dried Fruit Excesses

Greece, the EC's leading raisin/sultana producer experienced a decline in production last year, but production was still above the average of the past 5 years. The smaller crop was due to unfavorable weather conditions coupled with a phyloxera problem that reduced the quantity and quality of the product.

Greek raisins are generally of low quality and frequently end up as EC surplus. Reform of the EC's highly protective regime for dried fruit—a concession to Greece when it joined the EC in 1981—has been under consideration for some time. The goal is to raise the quality of the Greek product and to reduce unwanted surpluses.

In September 1990, the EC announced major changes in its dried grape regime. Over a 4-year transition period, the EC will substantially reduce the minimum grower price, and reduce to zero the monthly price increases from November to August. Growers will receive a per hectare aid to mitigate the impact of the support price reduction. In order to improve quality, all producers will be required to retain 4 to 8 percent (depending on quality) of their crop destined for pro-

cessing. In addition, the price of dried grapes purchased into intervention will be set at 8 percent below the minimum grower price, and storage restrictions will be more strict.

U.S. Fruit and Tree Nut Exports to the EC Declined Last Year

U.S. fruit, fruit juice, and tree nut exports to the EC-12 declined 6.0 percent in 1989 to \$747.3 million (table 19). The value of U.S. tree nut exports, the largest single horticultural category, declined 9.4 percent in value, reflecting a 24-percent drop in almond exports. Export declines also occurred for grapefruit, raisins, frozen fruits, and fruit juices (except orange juice). Most of these categories have increased this year and expectations are for a much improved export picture in 1990.

[Ruth K. Elleson (202) 219-0610]

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Cotton

World cotton production is projected to continue matching demand while stocks remain at a low level. In the EC, supplies were similarly tight, and this situation is expected to continue through the 1990/91 marketing year. Although cotton is a minor crop in terms of area devoted to its production (1 percent of world cotton area, 0.3 percent of EC agricultural area) and the number of farmers, it does play an important role in the economies of Spain and Greece.

In 1989, cotton was planted on 347,000 hectares in the EC, down 44,000 hectares from 1988. Production dropped 32,000 tons, as a result of reduced area and drought in Spain. Area harvested is projected to increase in 1990/91, especially in Spain, and yields are expected to return to pre-drought levels.

The EC's price-support scheme for cotton involves a guide price (established annually by the Commission) and a production aid (calculated as the difference between the guide price and the existing world price). The production aid is paid directly to cotton ginner who, in turn, pay the producer. A maximum guaranteed quantity (MGQ) of 752,000 tons of unginned cotton is currently in effect; if production exceeds the MGQ, as it has during the past few years, the amount of aid is reduced proportionally.

Table 19--U.S. exports of fruits and tree nuts to the EC-12

Commodity	1988	1989	Change
	-- Million \$--		Percent
Fresh Citrus:	69.5	72.7	4.6
Grapefruit	64.3	62.9	-2.2
Oranges & tangerines	3.2	6.4	100.0
Lemons & limes	1.7	2.5	47.1
Fresh non-citrus:	58.4	53.4	-8.6
Apples	12.1	12.1	0.0
Grapes	8.8	9.6	9.1
Dried fruits:	118.6	118.1	-0.4
Raisins	64.1	61.2	-4.5
Prunes	49.0	55.1	12.5
Canned fruits	8.4	10.3	22.6
Frozen fruits	7.9	5.1	-35.4
Fruit juices:	45.6	40.5	-11.2
Orange juice	27.9	29.1	4.3
Other fruits & preps.	8.3	13.7	65.1
Tree nuts:	478.4	433.5	-9.4
Almonds	324.0	246.1	-24.0
Peanuts	70.5	89.3	26.7
Walnuts	69.7	87.5	25.5
Total	795.1	747.3	-6.0

Source: U.S. Dept. Agr., Econ. Res. Serv., Foreign Agricultural Trade of the United States, Jan./Feb. 1990.

The 1990/91 price package retains the 25-percent maximum reduction of aid established by the Commission in 1989/90. This price-reduction scheme has helped reduce area devoted to cotton production in Spain, but it has not been as effective in Greece. Small farmers in Greece are the main beneficiaries of a new program of financial assistance to small cotton producers hurt by mandatory price reductions. The regulation, effective for 3 years beginning with the 1989/90 marketing year, provides 250 ECU per hectare to cotton producers farming fewer than 2.5 hectares of cotton.

[Kenneth R. Weiss and Mary Lisa Madell (202) 219-0610]

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Tobacco

Production and consumption of tobacco in the EC are being affected by changes in Community policies. Tobacco production is subject to a stabilizer mechanism, and differing policy prices encourage farmers to grow certain types of tobacco. The Community's "Europe Against Cancer" program, along with similar national programs and higher national taxes on tobacco products, is reducing tobacco consumption.

In the EC, tobacco production is most important in the less favored areas of the Mediterranean countries (Greece, Italy, Spain, and Portugal), although it is also found in Germany, France and Belgium. Tobacco products, however, are manufactured mainly in the northern countries, including Germany, the Netherlands, and Great Britain. The Community produces a number of varieties of tobacco, and support prices vary by type of leaf. The Commission has established lower prices and maximum guaranteed quantities for some oriental leafs which are not in great demand for popular cigarette blends.

EC tobacco production is estimated to have increased over 3 percent in 1989, to 411,208 tons. This exceeds the MGQ of 385,000 for the second year in a row. Portugal, Spain, and Italy all showed significant growth in production. For 1990,

production is expected to drop somewhat, although it will remain above 1987 levels and the MGQ. The 1990/91 price package maintained prices for most types, but MGQs for some leaves, grown mostly in Mediterranean countries, were changed. The quantities for six problem varieties, grown largely in Spain and Greece, were reduced, but quantities for other leafs from Spain, Greece, Portugal and Italy were increased. The Commission is constrained in its attempt to control production by the fact that the less popular types are grown in less favored areas.

Consumption in the EC is discouraged by national taxes, and by an emerging Community program against smoking. The second phase of the EC's "Europe against Cancer" program, which began in 1990 and extends to 1994, will aim to regulate advertising of tobacco products, eliminate tax-free sales of tobacco products for travellers within the Community and align national tobacco taxes upwards. This will cause significant cigarette price increases, particularly in the southern EC countries. Smoking is declining steadily in most countries of the EC, as it is in the United States.

The EC is both an importer and exporter of unmanufactured tobacco. The Community is deficit in the production of tobacco required for its tobacco product manufacture and must import 70 percent of its tobacco needs. Imports come from many countries, including the United States, which supplies 20 to 25 percent of EC tobacco imports. The less popular oriental leafs make up most of the Community's tobacco exports, which reach 50 percent of production. Tobacco exports are destined to countries of Eastern Europe and the Soviet Union. Demand for EC tobacco products may grow as a result of reform in Eastern Europe.

[Mary Lisa Madell (202) 219-0610]

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German Unification: Implications for Agriculture

by
Mary Lisa Madell

Abstract: The unification of East and West Germany occurred more quickly than could have been anticipated in November 1989 when the Berlin Wall began to be dismantled. East Germany, as part of a united Germany, joined the Common Agricultural Policy (CAP) of the European Community on October 3, 1990. The unification of Germany will have profound effects on the agricultural economies of both Germanies, and on the future of the CAP.

Keywords: Unification, Germany, EC, Common Agricultural Policy, socialist agriculture.

Introduction

Since the Berlin Wall between East and West Germany began to come down in late 1989, economic forces have forced the pace of political movement toward unification. The difficulties resulting from the radical restructuring of East Germany's socialist economy increased the demand for unity with West Germany among the East German people. In the agricultural sector, the considerable differences in structure between East and West will pose significant economic, social and political problems. Many of these problems have already begun to surface. Because of West Germany's importance in the European Community (EC) and in the world economy, the unification of Germany will have international repercussions.

Economic Overview

Unification has combined the land areas and populations of East and West Germany. In 1988, the population of East Germany was officially reported as 16.7 million, with about 8.6 million people, or 51 percent, in the work force. West Germany had over 61 million inhabitants in the same year, and about 27 million people, or 44 percent, employed. The land area of the former East Germany is 108,330 square kilometers, approximately half of West Germany's 248,700 square kilometers.

The West German economy has long been the strongest in the EC, as was the East German economy among the East European countries. However, the two countries were dramatically different. In 1989, West German gross national product was \$1,329.7 billion, while East Germany's GNP was estimated at only \$159.5 billion (CIA estimate, 1989). West German merchandise imports for 1988 amounted to \$250.6 billion, of which \$31.3 billion, or 12 percent, were agricultural products. Merchandise exports totalled \$322.7 billion in the same year (agricultural exports \$16.9 billion, or 5 percent). By contrast, East Germany's merchandise imports amounted to \$30.7 billion, and exports stood at \$31.8 billion (agricultural imports and exports, respectively, stood

at \$2.2 billion, or 7 percent, and \$539.7 million, or less than 2 percent).

Agriculture in the Germanies

Structure

Land devoted to agricultural production in West Germany was 11,915 square kilometers, or 4.8 percent of total land area. The East Germans devoted a slightly larger part of their total area, 5.7 percent, or 6,182 square kilometers, to agriculture. East and West German agriculture were vastly different. The clearest indication of this difference is shown by the number and size of farms in the two countries. West Germany had 665,517 farms, with an average size of under 18 hectares (about 44 acres). East Germany, on the other hand, had only 4,574 socialist farms, with an average farm size of 1,350 hectares (3,336 acres).

The smaller West German farms are generally family farms. Their sizes vary considerably: 30 percent of all West German farms are 5 hectares or smaller and only 9 percent are larger than 100 hectares (figure A-1). Ninety-five percent of East Germany's total utilized agricultural area is dedicated to socialist farming, primarily cooperative and state-owned farms. The average cooperative grain farm covers over 4,500 hectares, and may range up to 15,000 hectares. Approximately 3,000 small private farms existed in East Germany but accounted for only 5.4 percent of all agricultural land (*Agra Europe*, March 30, 1990).

Agriculture played a more important economic role in East Germany, accounting for approximately 10 percent of GNP, compared to 2.1 percent for West Germany. Nearly 11 percent of the East German working population was involved in agriculture, compared to only 4.2 percent in West Germany. More than half of all West German farmers are part-time farmers, earning at least part of their income off-farm. By contrast, East German farmers are typically specialized in one aspect of cooperative farming, for example, dairy feeding or machine maintenance.

Production

Wheat and barley are West Germany's most important grains. Six times as much wheat as rye is produced. In East Germany, wheat and barley were also the most produced grains, but rye production was about half that of wheat or barley. East Germany produced relatively little oats and negligible amounts of corn. Potato production by contrast was nearly 55 percent as great in East Germany as in West Germany (table A-1). In both East and West Germany, pork is the most important component of meat production, accounting for 68 and 61 percent, respectively, of total meat produced.

A number of forces have shaped West Germany's farm structure and production. Traditionally different inheritance laws

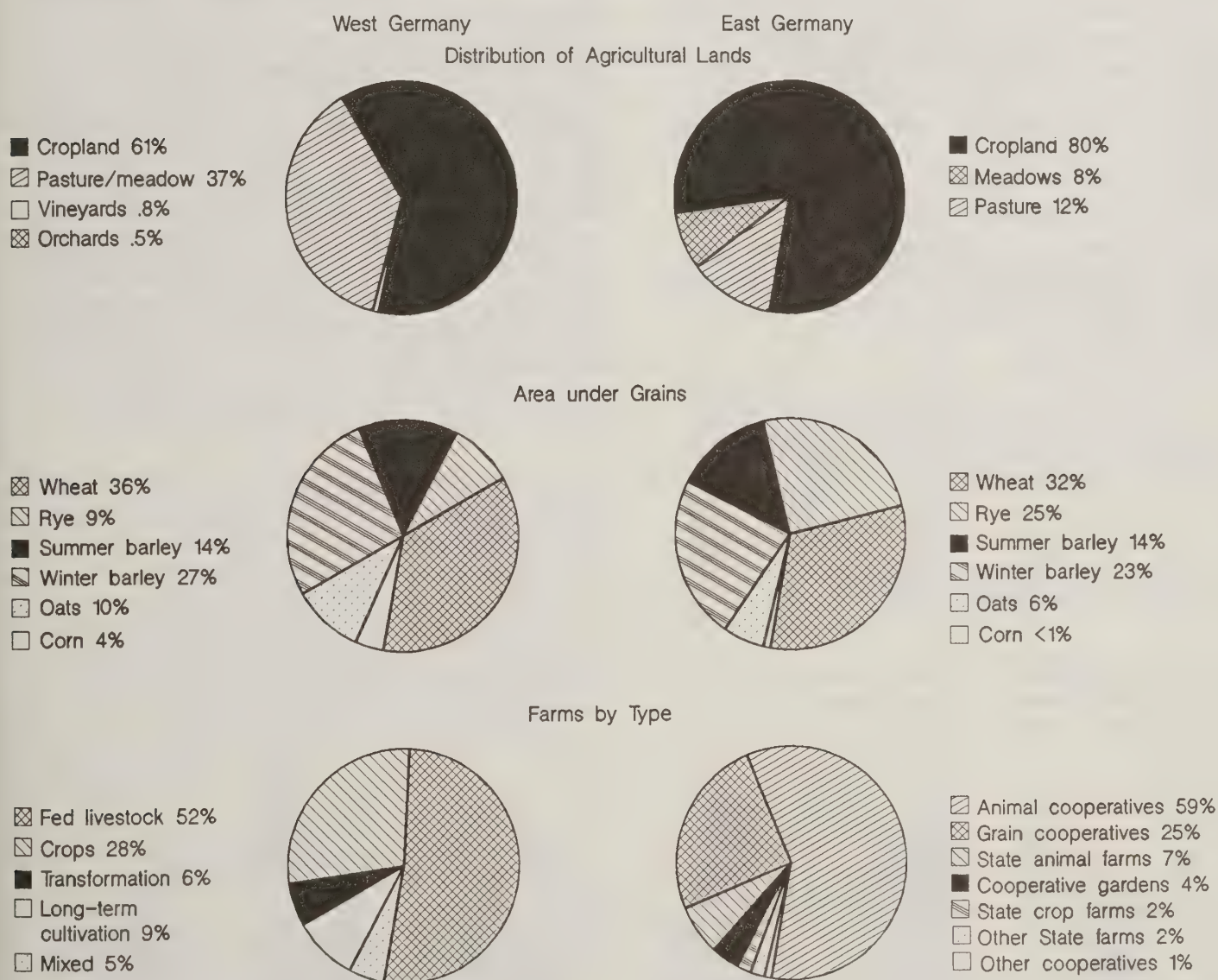
in the north and the south have produced large farms in the north and small ones in the south. High CAP prices have allowed marginal small farms to remain in operation, and have made West Germany a major producer of grains, livestock and dairy products in the EC. East Germany's structure of socialist farming was introduced after the Second World War, when large land holdings or government lands were expropriated and converted into state farms. Small farmers were required to place their land together in cooperative farms.

Policy

The two countries adopted different agricultural policies and policy goals. West Germany, as a member of the EC and the CAP, is committed to maintaining farm income, chiefly

Figure A-1

Comparison of West and East German Agriculture



Source: Statistical Yearbooks, Agrarbericht.

through reliance on support prices and border protection. As the costs of this policy tool have risen and the EC has had to restrain its support for farmers, West Germany has tended to provide substantial national aids to its own farmers. West Germany, and its CAP partners, have instituted policies in an attempt to check the growth of production, including the milk quota, maximum guaranteed quantities (MGQ) for cereals and oilseeds, and the land set-aside program. The MGQ is part of the stabilizer mechanism which cuts support prices when production exceeds the MGQ. In addition, greater emphasis is being placed on the "extensification" of farming methods (using fewer chemical inputs) to protect the environment and to help smaller farmers.

Agriculture is considered to have important social functions in West Germany. Farming maintains the rural landscape by

keeping people on the land and in the small towns. Keeping people on the farm also prevents their being added to the ranks of the unemployed. West Germany does not want to accelerate actively the process of structural change in agriculture to fewer, larger farms, which would entail considerable numbers of people having to leave farming. West Germany provides substantial national aids to its farmers to address this policy goal.

The stated goals of East Germany's agricultural sector were:

- to increase the productive output of agriculture,
- to increase the contribution of agriculture to national income, and
- to increase the productivity of all inputs into agriculture, including land and labor.

Table A-1--Crop and animal production, 1988

Commodity	West Germany	East Germany
	----- 1,000 tons 1/-----	
Wheat	11,856 2/	3,699
Rye	1,634 3/	1,785
Barley	9,587	3,798
Oats	2,335 4/	507
Potatoes	7,434	11,546
Sugar beets	18,590	4,625
Pigs	3,250	1,342
Beef & veal	1,609	408
Poultry	411	191
Sheep & goats	26	26
Cow's milk	23,976	8,053

1/ For West Germany, livestock weights represent total slaughterings, including imported animals, carcass weight. For East Germany, livestock weights are carcass weights including slaughter fats, and include live animals exported for slaughter

2/ Common wheat

3/ Rye and meslin

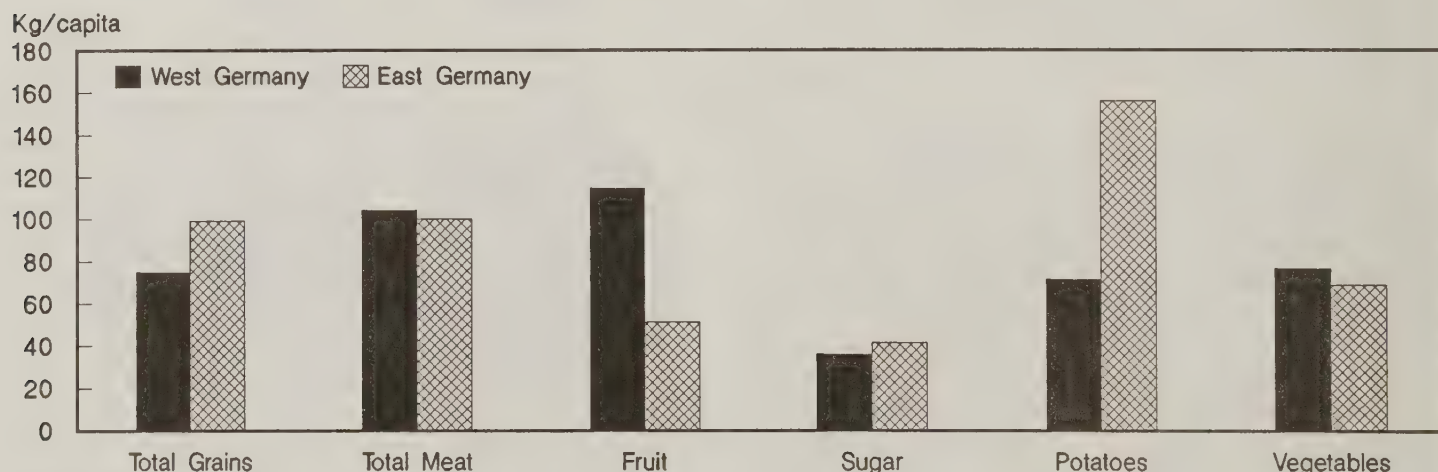
4/ Oats and mixed cereals

Sources: Statistisches Jahrbuch für die Bundesrepublik Deutschland 1989; Statistisches Jahrbuch der Deutschen Demokratischen Republik, 1988 and 1989; Agricultural Situation in the Community, 1988: Livestock and Meat Market, UN Commission for Europe.

Intensified agricultural production, relying on the latest scientific and technological advances to improve crop and animal performance, was an East German policy goal. An "agrarian price reform" in 1984 adjusted the prices of inputs, essentially removing subsidies to farmers, and raised producer prices (UN Economic Commission for Europe). A second reform, in January 1990, realigned prices among commodities. East Germany also sought to promote rural development by improving the living conditions of people on cooperative and state farms. Farm earnings were used to support schools, medical care, and social and cultural activities for the farmers, as well as to pay for inputs, machinery and structural improvements.

Figure A-2

Per Capita Consumption, 1988



Source: Statistical Yearbooks.

Consumption

The daily calorie intakes of East and West Germans (3,795 calories for East and 3,476 for West Germans, according to the Food and Agriculture Organization on the United Nations) and per capita consumption of basic foods in East and West Germany reflect different consumption patterns (figure A-2). West and East Germans consume about the same amount of meat per year, in about the same proportions of pork, beef and veal, poultry, and lamb and mutton. A noticeable difference exists in fruit consumption. East Germans consume only 51 kilograms per person annually; a West German consumes over twice as much. East German consumption of potatoes is more than twice as great as West Germans. In fact, East Germans consume more potatoes per capita than any citizens of the European Community. Cereals, eggs, butter and milk also play a more important part in the East German diet than in West Germany. West Germans consume more coffee, tea and wine.

Inter-German Trade in Agriculture

An unusual trade relationship existed between the Community and East Germany. The territory of East Germany was considered German territory by West Germany, and citizens of East Germany were considered citizens of West Germany. When West Germany, one of the original six EC members, signed the Treaty of Rome in 1957, it secured from its partners recognition of these provisions regarding East Germany. Trade between West Germany and East Germany was considered part of internal German trade, but other EC member states' trade with East Germany operated under the Common External Tariff and according to the principles of the Common Market. Furthermore, the other member states were allowed to take measures necessary to protect themselves from trade difficulties arising from East German trade.

Thus, East Germany was both inside and outside the Common Market. Its goods entered West Germany duty free (on a nonreciprocal basis), and were accorded preferential quotas. Inter-German trade was recorded by both countries using a one-for-one exchange rate between the two currencies. A bilateral clearing arrangement facilitated trade between East and West, and East Germany benefitted from interest-free credits worth about \$450 million per year. West Germany prohibited the re-exports to its EC partners of East German goods which were considered 'sensitive' or were covered by quotas.

Trade in agricultural products between East and West Germany was subject to special arrangements. The types of products, as well as the quantities, were negotiated annually by both sides. Trade in agriculture was closely controlled, although East German products entered West Germany without levies or border taxes. In order to protect its EC partners' markets, West Germany's agricultural imports

from East Germany were for consumption only in West Germany.

In inter-German trade, West German imports of raw agricultural products, such as grains and live animals, were more important than imports of processed food and tobacco products (1989—table A-2). On the other hand, East Germany's imports of food and tobacco products were more than ten times as great as imports of raw agricultural products (1989). Wine, forestry products, and raw tobacco were the two most important East German agricultural imports from West Germany: oilcakes/meals were a significant food product import, as were sugar and sugar products (table A-3). When examined in the context of total West European agricultural exports to Eastern Europe, West Germany's share of sales to East Germany (42 percent) seems unusually large (table A-4). This may be largely because of the currency valuation problem, but it must also have resulted from the favorable conditions of inter-German trade.

Most of West Germany's agricultural trade is with other members of the EC: 60 percent of West Germany's 1988 agricultural imports originated within the Community, and 70 percent of its agricultural exports were destined to EC partners (EC Commission). While most of West Germany's agricultural imports come from its EC partners, East Germany could not turn to its partners in the Committee for Mutual Economic Assistance (COMECON), many of whom are

Table A-2-- West German imports from East Germany

	Total	Agriculture	Food & tobacco	Agriculture/food as % of total
	-----Million dollars-----			Percent
1970	545.4	59.3	62.9	22.4%
1975	1,358.5	162.1	82.1	18.0%
1980	3,069.3	227.0	116.2	11.2%
1984	2,721.2	169.6	91.0	9.6%
1985	2,593.7	158.9	87.9	9.5%
1986	3,151.6	177.2	124.4	9.6%
1987	3,698.1	214.6	147.5	9.8%
1988	3,865.6	228.7	146.6	9.7%
1989	3,832.7	202.8	145.9	9.1%

East German imports from West Germany

	Total	Agriculture	Food & tobacco	Agriculture/food as % of total
	-----Million dollars-----			Percent
1970	660.0	12.9	71.5	12.8%
1975	1,594.0	10.7	124.8	8.5%
1980	2,912.0	13.7	304.0	10.9%
1984	2,251.7	13.6	334.1	15.4%
1985	2,684.4	23.7	331.9	13.2%
1986	3,432.7	17.5	342.4	10.5%
1987	4,098.9	18.3	338.2	8.7%
1988	4,119.2	25.6	320.4	8.4%
1989	4,310.4	21.3	333.1	8.2%

Source: Statistisches Bundesamt, Handel, Gastwerke, Reiseverkehr, Fachserie 6, Warenverkehr mit der Deutschen Demokratischen Republik und Berlin (Ost), various years.

Table A-3--Composition of inter-German agricultural trade

	West German imports				East German imports		
Agricultural products	1987	1988	1989	Agricultural products	1987	1988	1989
Thousand dollars							
Winter wheat	22,247	13,620	10,426	Raw tobacco	7,745	7,452	1,509
Summer wheat	5,064	6,507	2,296	White wine	2,834	3,443	3,192
Oats	21,087	29,400	16,984	Horticulture	1,481	946	895
Brew barley	48,996	48,577	28,853	Meat products	228	239	97
Grass seeds	4,667	4,496	5,047	Tropical wood	1,442	4,698	3,404
Horticulture	4,523	4,812	4,040	Fish products	480	583	589
Live animals	84,009	88,759	111,484				
Forestry products	9,038	8,666	5,766	Food products			
Fish products	1,039	2,680	2,092				
Food products				Meal-, dough-,			
				baked goods	7,836	5,766	10,851
				Sugar & products	52,303	54,298	56,381
Meal-, dough-,				Milk, butter.	13,289	12,841	11,240
baked goods	16,800	14,091	13,297	Tobacco products	13,481	11,489	12,312
Sugar & products	65,736	65,785	60,279	Oilcakes/meals	134,105	118,329	149,425
Meat, fish products	15,565	15,610	19,950	Meat, fish products	12,120	10,975	10,569
Drinks 1/	21,330	27,319	30,028	Drinks 1/	16,768	15,559	17,113

1/ alcoholic and non-alcoholic drinks

Source: Statistisches Bundesamt, Handel, Gastwerke, Reiseverkehr, Fachserie 6, Warenverkehr mit der Deutschen Demokratischen Republik und Berlin (Ost), various years

Table A-4--Agricultural exports of the EC to Eastern Europe, 1987

	Bulgaria	Hungary	Poland	East Germany	Romania	Czecho-slovakia	USSR	Total
-----percent-----								
Germany	4	7	13	42	2	6	27	38
BLEU 1/	2	7	11	24	9	28	19	2
Denmark	3	3	20	14	--	14	45	3
Spain	1	8	7	28	--	36	19	3
France	2	2	9	7	1	3	78	18
Greece	9	9	9	16	10	26	20	6
Ireland	6	8	6	6	2	19	54	2
Italy	11	18	9	11	8	28	15	3
Netherlands	7	8	18	9	3	4	51	11
Portugal	--	14	--	5	5	--	76	1
UK	5	2	17	9	1	7	60	13
Total	4	6	13	23	2	9	43	100

1/ Belgium-Luxembourg
-- Nil or negligible

Source: UN Commission for Europe, Agricultural Trade, 1988

also food deficit countries, for most of its food purchases. The major part of its imports of livestock and meat, dairy products, eggs, and cereals come from Western, rather than Eastern, Europe. Fruits and vegetables, by contrast, are supplied primarily by Eastern Europe (UN Economic Commission for Europe).

The Effects of Unification

The rapid economic unification of East and West Germany forced the pace of political unification, which took place on October 3, 1990. The impacts of liberalization of the East German economy, the introduction of the Deutschmark, and the increased contact with West Germany, were already being felt before unification. Agriculture in East Germany operated within a highly centralized command economy in which production decisions were set by planned targets

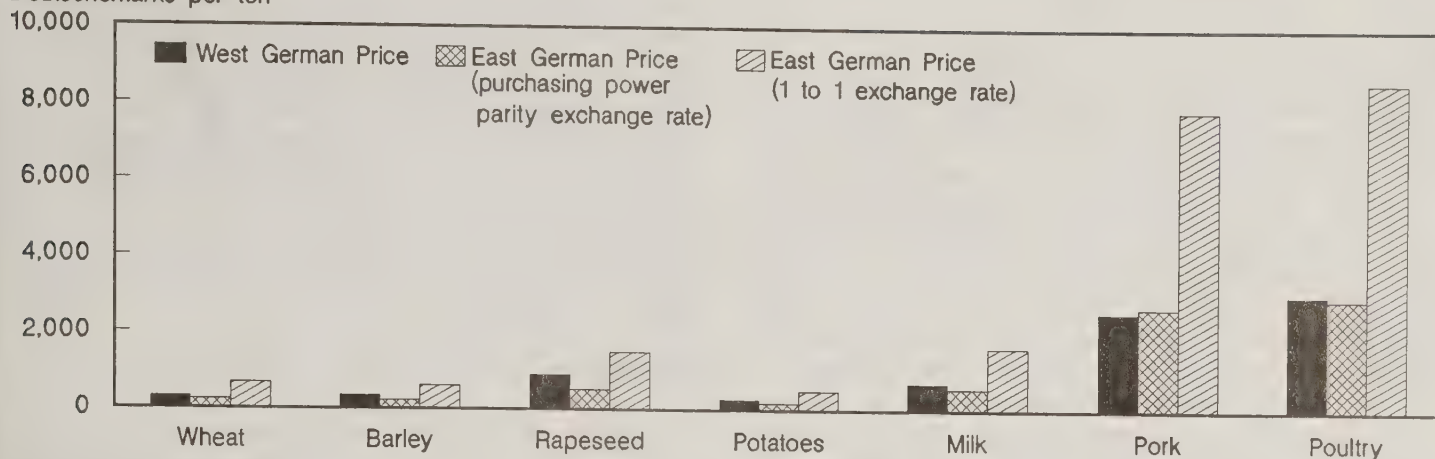
rather than market forces. East German producers are struggling to adapt to a very different system.

With monetary union on July 1, 1990, most East German prices were liberalized and farm goods began to be traded in Deutschmarks and at EC prices. It is difficult to make meaningful comparisons between the East and West German prices. Producer prices that East German farms had received were, denominated in Ostmarks, higher than the West German prices in Deutschmarks (at a 1 to 1 exchange rate), but converted at a realistic purchasing power parity-exchange rate, they are usually only 60-80 percent of the CAP-based, West German producer prices (figure A-3). East German producer prices were designed to promote self-sufficiency, and the less efficient farms received subsidies to keep them in operation. The relationship among commodity prices was very favorable to meat and dairy products (Institut für Agrarpolitik).

Figure A-3

Relative Producer Prices, West and East Germany

Deutschemarks per ton



Sources: Eurostat, DDR Statistik.

An intervention buying system and a complicated system of import quotas and licenses were put into effect with the introduction of the Deutschemark. West German farmers feared an influx of raw agricultural products, and the East Germans feared consumers would spend their Deutschemarks on West German foodstuffs. The fears of the East Germans were well grounded, as East German consumers have demonstrated a preference for Western imports over domestic processed-food products. The government-run East German food processing and marketing operations have experienced difficulty meeting the demands of the market. East German farmers, unfamiliar with selling on the free market or into intervention and in need of cash to meet payrolls and purchase inputs, have been accepting prices lower than those prevailing in West Germany.

The quota and licensing system was ineffective in controlling the flow of food products into East Germany, and was abolished just one month after monetary union. Because the rest of the EC could not be insulated from the free movement of goods between East and West Germany, all EC quotas and import levies on imports from East Germany were abolished effective July 1, 1990. East Germany guaranteed free access to goods from other EC countries, and its trade with third countries operates according to EC customs legislation. For the purposes of trade, East Germany was already a member of the EC.

On August 21, 1990, the Commission put forward its proposals for the complete incorporation of East Germany into the EC. The Commission has decided to maintain existing MGQs for cereals and oilseeds for the 1990/91 marketing year, but East German production will not be included in the total. East German producers, however, will face the same price cuts or increases in coresponsibility levies that result from exceeding the MGQs.

East Germany will receive its own milk and sugar quotas. The milk quota has been set at 6.59 million tons. This represents 80 percent of current production and will require a reduction in dairy cow numbers (approximately 300,000 animals). The Commission wants to compensate East German dairies for this production cut with a one-off payment to producers. For the first 3 percent reduction in output, the producer will receive a premium of 42 ECU/100 kg and, for the next 4.5 percent, the premium will be 21 ECU/100kg. In order to facilitate the rationalization of East German dairying, the quotas will be tradable through 1991. The sugar quota has been set at 870,000 tons within East Germany, somewhat higher than current levels (*Agra Europe*, August 31, 1990).

In those parts of East Germany to be designated as "less favored areas", a maximum EC contribution of 280,000 ECU per holding has been established. National aids to promote the formation of family farms will be authorized. The set-aside program is expected to play an important role in removing marginal areas from agricultural production. The Commission has adopted special measures to govern East German set-aside: holdings of 750 hectares or more will have to set aside a minimum of 150 hectares to qualify for the program (*Agra Europe*, August 31, 1990).

The Effects of Unification on East Germany

East German consumers, who have long had access to an adequate supply of basic foodstuffs at low, subsidized prices, have demonstrated that they prefer the higher quality products consumed by their Western neighbors. Long constrained in their choices by the products made domestically and the limits placed on international trade, East Germans are diversifying their consumption. Imports of West German food products have already increased significantly (an 80-percent increase above 1989 levels in the first quarter of

1990 alone) and are displacing East German equivalents. Consumption of fruits and vegetables and Western health and convenience foods will increase at the expense of former staples.

East German producers will have to adapt to more than changed demand conditions and CAP limits on grain, oilseed and dairy production. Adopting the CAP will change traditional patterns of supply, use and trade. Large quantities of wheat, bread, potatoes and milk were used as animal feed in East Germany. Under EC prices, livestock farmers will be able to substitute grains and cheaper imported feeds for these products, creating exportable surpluses. Live animals are an important export for East Germany, and many of them were exported to other COMECON countries. As these countries make the transition to market economies, they may be unable to afford East German animals or may decide to replace imports with domestic production. The loss of traditional markets in other East European countries could force East German agricultural goods onto EC markets, into intervention, or onto the world market.

East German farmers are also concerned about losing the job security and social welfare benefits they enjoyed under the socialist system. There are very few farmers, in the West European sense, in East Germany. The people operating the state and cooperative farms have, in many ways, more in common with industrial workers than with West German farmers. According to the East German Government, very few of them—only 3.5 percent of cooperative farmers—want to farm privately. Few would have the capital necessary to buy machinery, inputs or buildings should they decide to farm independently.

East Germany's agricultural sector, like many others, is overstaffed and less efficient than West Germany's. The percentage of the East German labor force engaged in agriculture is higher than that for EC countries, except Spain, Greece, Ireland and Portugal. The West German Government expects unification to produce high transitional unemployment in East Germany: in agriculture, half of East German farmers could lose their jobs. East German farmers are very specialized and their skills may not be suitable for employment outside agriculture. The rationalization of agriculture will force many people trained exclusively for farming out of the sector.

Integration may produce a more balanced pattern of East German agricultural trade. Most of West Germany's intra-Community agricultural imports come from the Netherlands, France and Italy. The Netherlands supply fresh and frozen meats, fresh vegetables, and cheese and curd. France provides considerable quantities of wine, oilseeds, cheese, and curd. West Germany imports fresh fruits, nuts, fresh vegetables, and wine from Italy. The East Germans may diversify their sources of supply of agricultural and food products

away from Eastern Europe (and perhaps West Germany) and expand their imports.

Economic integration and the rapid pace of political reform have affected consumer demand and trade flows but the impact has yet to be made on the structure of production. Indeed, it is the structure of East German agricultural production and the goals of the former East German agricultural policy which will be most difficult to change. The sector will undergo significant reorganization which will impose large monetary and social costs. East German producers are already under pressure, having difficulty selling their livestock, milk, and other products.

Problems of Unification for West Germany

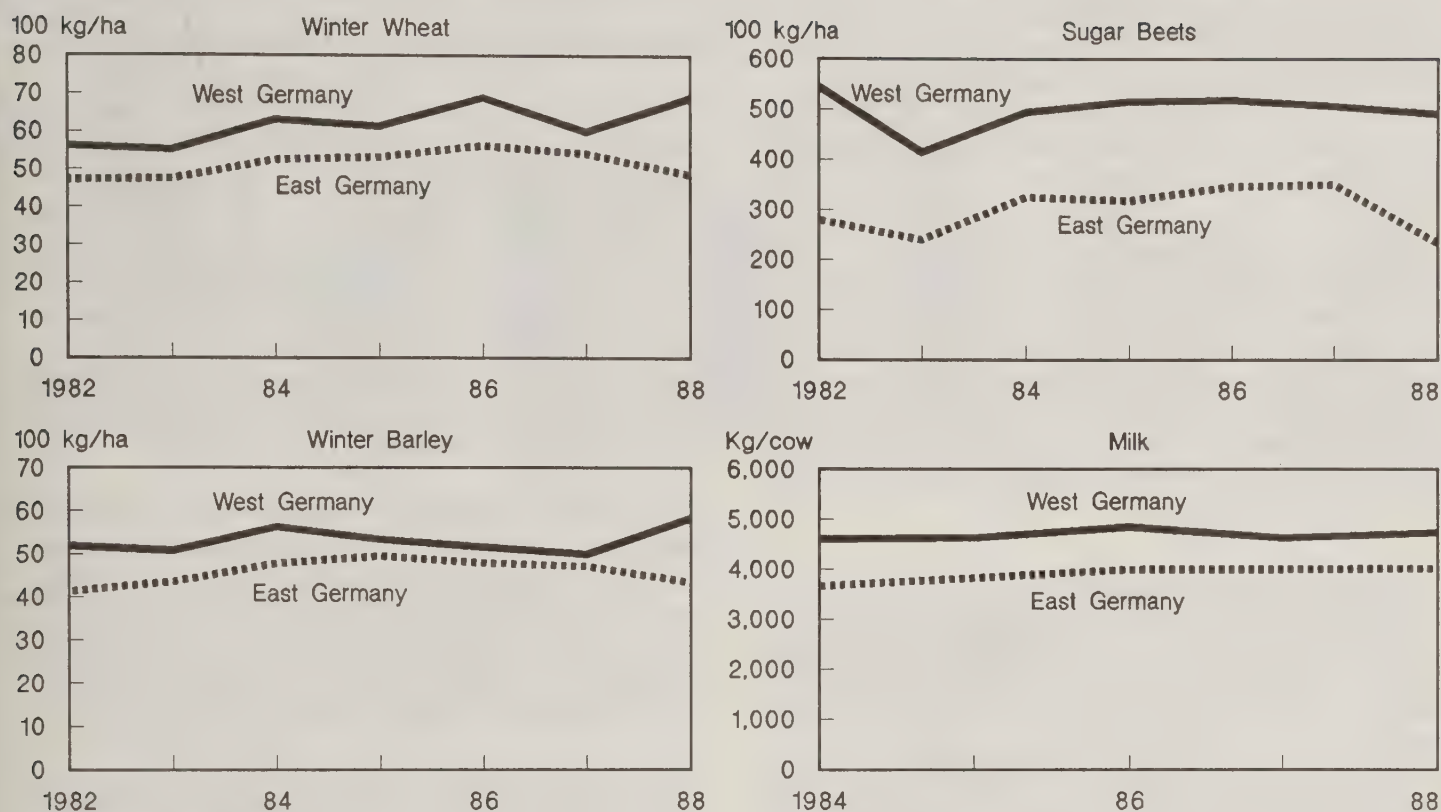
While East Germany was both inside and outside of the Common Market, its farm sector remained very definitely outside the CAP. It did not contribute to the funding of the CAP, or sell its products at CAP prices. Trade in agriculture was tightly controlled, and production was not subject to CAP disciplines, including production quotas on milk or stabilizers for grains and oilseeds. The EC has faced the challenge of integrating different structures of agricultural production at its inception and in each of its enlargements. Incorporating socialist agriculture into a market-oriented farm economy will pose new problems for the EC and require greater adjustment for farmers.

West Germany will have to protect its own farm sector from negative effects of closer ties with East Germany, while trying to help East German farmers adjust, and to promote general economic integration. While East German yields are now lower than West Germany's (82 percent of West German yields for wheat, 86 percent for barley, 61 percent for sugar, 85 percent for milk), this gap will be closed (figure A-4). East German farms will not be handicapped by inefficient, small farm sizes, as are West German farms. Production in East Germany will benefit not only from West German and EC structural investment but also from improved inputs and infrastructure.

The very large "industrial" farms of East Germany are incompatible with West Germany's agricultural policy goal of maintaining a viable agriculture based on small family farms. West Germany has recently instituted a number of national policies designed to protect and promote traditional small farms while discouraging surplus production. West Germany encouraged participation in the EC's land set-aside scheme (1988), by providing a very high payment. The Act on the Promotion of Peasant Farming (1988) aims to improve the competitive position of peasant farmers by orienting income supplements toward them and by excluding farms with herd sizes beyond a set limit from receiving certain national funds.

Figure A-4

West Germany and East Germany Yields



Sources: Statistical Yearbooks.

Beyond its large scale, farming in East Germany, like farming in most of the East Bloc, was not environmentally friendly. The impact of farming on the environment is a growing concern for West Germans. The general public is very aware of the environmental damage that can result from intensive use of fertilizers and herbicides. Environmental groups, such as the Green Party, who have fared well in recent years in elections to the European Parliament, generate a lot of public debate. Measures to protect ground water are already in force (within the framework of an EC law, but administered by the West German states), and a Nature Protection Law is under debate. The West Germans' belief is that large "industrial" farms are a greater threat to the environment than small farms.

While West Germany's agriculture operates under the CAP determined in Brussels, there is considerable scope for national measures affecting agriculture. As a rich country with a farm sector less competitive than some of its EC neighbors', West Germany provides substantial state aids to help its farm sector. Of great significance among these is the social security system for farmers. Social security costs for farmers account for one-half to two-thirds of the total West German agriculture budget. In 1990, they account for 56 percent of the total 9,568 million Deutschmarks (\$6.3 billion). In 1988, West German contributions covered 69 percent of

the payments of the Old-Age Pension for Farmers. Federal contributions paid for 42 percent of the benefits of the Agricultural Accident Insurance. With the inclusion of approximately 800,000 East German agricultural workers, the number of German farmers will grow by over 70 percent.

As East German productivity grows and as quality improves, East German goods will compete for market share with West German products. The quotas insulating the two countries' agricultural sectors have already been eliminated. Increased supplies on the market will put downward pressure on prices, and the presence of East German farm products on the market could affect West German consumer demand. West German consumers are concerned about food safety and hygiene and will have legitimate reason to question the standards of East German farm goods.

East German agriculture will require significant investment in order to bring it up to the level of production and efficiency found in West Germany. East German farms will thus compete with West German farms for scarce national aids. The competition will be in Brussels as well as Bonn: almost all of East Germany could be considered a less favored area and therefore eligible to receive special help from the EC as well.

Effect of Unification on the European Community

Unlike other countries which negotiated treaties of accession with the EC, East Germany joined the EC automatically when it became part of West Germany. While East Germany has begun the process of adopting EC laws and policies, by applying EC customs legislation and CAP prices and by introducing intervention mechanisms, it has received temporary exemptions from some EC laws.

Full adoption of EC veterinary and plant health laws is scheduled for 1992, and EC air and water standards would enter into force in 1996. Almost all of the Single Market legislation entered into force with unification, but it is likely that the Commission will allow substantial German national subsidies for East Germany. The Commission still has to decide how to handle some issues, such as East Germany's existing trade agreements with its COMECON partners (*Agra Europe*, August 24, 1990).

Estimates of the capital needed to modernize East Germany's infrastructure have been as high as 627 billion Deutschmarks (Association of German Industry). Although private industry is expected to provide much of the capital, West German Government outlays will be substantial. As part of the EC, East Germany is now eligible to receive structural funds from the EC budget. EC Commission estimates now put the increase in regional and structural funds to cover East Germany at approximately 1 billion ECU (\$1.3 billion) a year (*Agra Europe*, August, 24, 1990).

Some EC countries have expressed concern that West Germany's attention may be distracted from the process of European integration. West Germany was an important force behind the launching of Project 1992 and its full commitment to the Single Market is a prerequisite for success. The EC hopes to establish a European Monetary Union, and, as the member state with the strongest currency, West Germany will have to take the lead. Some foresee that West German investment money will begin to flow to East Germany, rather than to other EC countries. This latter fear is especially acute among the EC's poorer countries, namely Spain, Ireland, Portugal and Greece, who do not look forward to competing with East Germany in Frankfurt for German investment money and in Brussels for EC structural funds.

Sixteen million East Germans now enjoy the rights of movement and establishment within the Community, which means that they have the right to work in any member state. The economic reform process that will be necessary to integrate the two Germanies will provoke considerable dislocation, as inefficient East German plants are closed down and resources are reallocated. A large number of East Germans could end up unemployed for a period, and some of them might decide to establish themselves in other EC countries. An agreement between Luxembourg, Belgium, the Nether-

lands and West Germany to abolish immigration controls at their common borders, the Schengen Agreement, was delayed 6 months in the wake of the changes in East Germany.

Impact on the Common Agricultural Policy

As was the case in previous enlargements of the Community, the agricultural sector will pose special problems as East Germany adopts the CAP. The CAP is an essential part of the Community, and it relies upon a delicate balance of the member states' interests. West Germany is a net contributor to the CAP, and has been very influential in maintaining the high price levels its farmers need to survive. For at least a time after unification, Germany is expected to receive as much from the CAP, in support of a larger number of farmers and in structural funds, as it contributes. This fundamental change may alter Germany's role in the CAP.

While unification did not necessitate any changes in the programs or policies of the CAP, some adjustments will have to be made to accommodate East German agriculture. For example, the MGQs for grains and oilseeds will eventually have to be adjusted to include East German production. The operation of the stabilizers, and of the set-aside program, is to be reviewed by the Commission over the next 2 years.

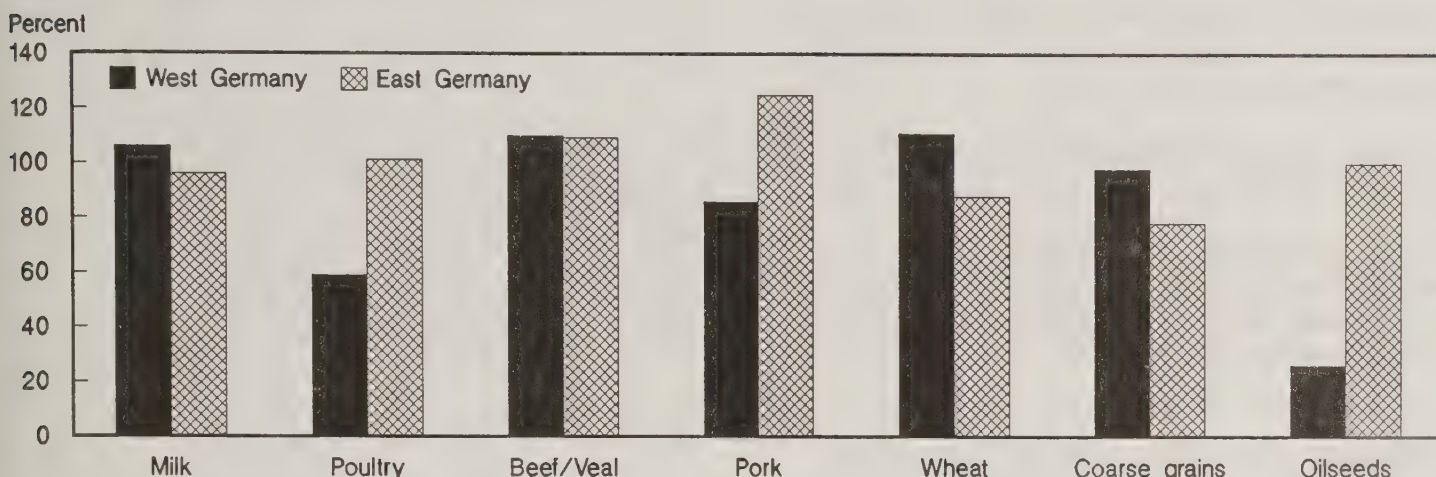
The EC estimates that East Germany will add close to a billion ECU (\$1.3 billion) a year to CAP budget outlays. Part of this increased expense, it is anticipated, will be offset by payments from East Germany. Even after unification, West Germany will continue to contribute to East German agriculture. The West German Government has set aside \$2.8 billion for the second half of 1990, and \$4.8 billion for 1991 to provide direct aids to facilitate the adjustment of East German agriculture to the CAP. The West Germans and the Commission will have to agree on future funding arrangements for structural aids to improve East German agriculture.

The East German agricultural and food processing sector will also have to be brought up to Community standards. Under a command economy, the emphasis was placed on meeting bureaucratically set production targets, rather than on quality. For example, no slaughterhouses in East Germany currently meet Community standards. Consumers will benefit from the improved quality that the CAP will require, although it will be difficult and expensive to upgrade the East German agricultural sector. The distribution system for agricultural inputs, agricultural products and foods is, like the rest of the territory's infrastructure, inadequate by EC standards.

With East Germany in the CAP, total EC production will expand, and the budget will have to expand correspondingly to pay for increased intervention purchases, export refunds and income payments. East Germany was at or very near self-sufficiency in milk, meat and rapeseed. For wheat and

Figure A-5

West and East German Self-Sufficiency



coarse grains, East Germany is 80 and 70 percent self-sufficient (figure A-5). These production levels were attained under central planning: under the CAP, output of most commodities can be expected to increase as inputs are improved and made more available.

The West German Government tried to limit the disruptive effects of East German supplies on its markets, and on its EC partners' markets, by exporting surplus quantities of East German beef and pork. The EC is now responsible for financing these subsidized exports. Forcing the cost of adjustment to the outside world will add to the EC's budget outlays for agriculture and will risk increased tensions in international agricultural trade. The EC is engaged in the agriculture negotiations in the ongoing General Agreement on Tariffs and Trade talks, and is under pressure from other negotiating parties to reduce its export subsidies.

Conclusion

The unification of Germany will have many significant impacts in Germany and on the world. In Germany, unification will require adjustments in the social structures and economies of West and East Germany. The other member states of the EC will have to adjust to the addition of 16 million East Germans and to West Germany's changed priorities. Outside Germany, unification will alter the course of international security policy, international trade and monetary policy.

In agriculture, unification will put greater pressure on West German farmers, as East German farmers become competitive in the German and EC markets. The pressure on prices will increase calls by West German grain farmers to scrap the stabilizer system, limit imports of competing feedstuffs, and institute national or regional production quotas. For their part, East German farmers are already suffering as the

sector begins its long and painful adjustment to market orientation. Adjustment in farm size and structure, questions of land ownership and environmental improvement will challenge both East and West for the rest of the century.

German unification adds a new element to the forces of change already acting upon agriculture in the EC. Increased supplies of many major commodities from East Germany have already begun to put downward pressure on EC prices. The added budgetary burden of intervention purchases, export subsidies and structural payments could provide an added incentive to intensify agricultural policy reform. Attempts to shift increased supplies of major commodities already in surplus onto the world market will increase tensions between the EC and its competitors in world agricultural trade.

The 1980's have been a decade of considerable change in EC farm policy. The Uruguay Round negotiations in the General Agreement on Tariffs and Trade, the Europe 1992 project, and the ongoing process of CAP reform will force continued adjustment on EC farmers. German unification has created new pressures on agriculture under the CAP, and West German farmers, who rely heavily on high CAP prices and generous national payments to survive, may have the most to fear.

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The EC's Agrimonetary System: Pressures for Reform

by

Walter H. Gardiner

Abstract: Reluctance of European Community (EC) member countries to allow exchange rate changes to be fully transmitted into their agricultural sectors led to the creation of a separate set of exchange rates for agriculture known as "green rates". These special exchange rates have led to a breakdown in the concept of common pricing, the system of border taxes and subsidies that distort trade patterns and create large administrative costs to the Community. This system of exchange rates, border taxes and subsidies—the agrimonetary system—is incompatible with the goals of the EC's Project 1992 and is under pressure for reform.

Keywords: agrimonetary system, green rates, European Currency Units (ECU), monetary compensatory amounts (MCAs), EC 1992, Common Agricultural Policy (CAP).

Introduction

The EC's agrimonetary system refers to the mechanisms for fixing certain monetary sums—prices, subsidies, levies (taxes), and budget accounts—of the Common Agricultural Policy (CAP). Monetary matters have had a significant influence on the development of the CAP and on the EC's internal and external trade in agricultural products. When the common market for agricultural products was being set up in the early 1960's, it was originally intended to have common prices and free trade among member countries. Policy prices were to be set annually by the Council, the EC's decision-making body, and would be converted from a common monetary denominator into each country's currency by a set of agricultural conversion rates. These agricultural conversion rates, or "green rates", were to be the same as the market exchange rates so that any changes in market rates would be accompanied by changes in green rates, thus maintaining the objectives of common pricing and free trade among EC member countries.

What began as a simple system of converting CAP prices into the currencies of the six member countries, based on a set of fixed exchange rates, has evolved into a bureaucratic puzzle that has undermined the proper functioning of the EC's agricultural markets. The breakdown in the Bretton Woods system of fixed exchange rates in the late 1960's and early 1970's, and the unwillingness of member countries to allow exchange rate changes to be fully transmitted into their food and agricultural sectors, have resulted in:

- a set of green rates that differ from market rates,
- the breakdown in the concept of common pricing,

- a system of border taxes and subsidies that distort trade patterns, and
- large administrative costs to the Community.

The EC Commission has declared that the current agrimonetary system is incompatible with the goal of a single market by 1992 and must be altered if a common market for agriculture is to exist (Commission, 1987).

The Unit of Account as the First Common Denominator

At the time the EC was established (1957), there was a need to establish an accounting unit or monetary denominator for expressing the Community's financial variables and transactions because the EC did not have a common currency. Rather than use the currency of any of the member countries, the EC created the "unit of account" (UA) which was defined in terms of the amount of gold (.88867088 gram) equal to the value of a U.S. dollar. This proved convenient as each member country's official exchange rate against the U.S. dollar was then used to convert from units of account into national currencies (table B-1).

Most industrialized countries at the time were operating under a system of fixed exchange rates maintained by their

Table B-1--National currency/unit of account (UA), March 6, 1961

Units of currency = 1 unit of account			
4.00	German mark	50.0	Belgian franc
4.93827	French franc	50.0	Luxembourg franc
625.00	Italian lira	3.62	Dutch florin

Source: Agra Europe, CAP Monitor, July 27, 1988.

central banks in accordance with rules set out by the International Monetary Fund (IMF). This system of fixed exchange rates emerged from the Bretton Woods meetings in 1944 to establish global currency trading arrangements. While the system was based on gold-based parities between various countries' currencies, the U.S. dollar played the central role because of its importance in international transactions (Harris, Swinbank and Wilkinson, p.188).

In 1962, the EC passed a regulation that established the unit of account as the monetary denominator for fixing policy prices and other financial decisions of the CAP. Because of the link between the unit of account and the U.S. dollar, all policy prices, levies, subsidies and other monetary sums would then be converted from units of account to individual country's currencies at their market exchange rates. This assured that policy prices would be at the same level throughout the Community, regardless in which currency they were expressed and, thus, satisfied one of the primary objectives of the CAP—common support prices.

Linking the unit of account to fixed IMF gold-based parities also satisfied the objective of stable prices, and because countries could not change their exchange rates, it effectively served as a *de facto* monetary union (Ibid, p. 189). However, this was short-lived as the Bretton Woods system of fixed exchange rates came under great pressure in the late 1960's because exchange rates for a number of countries were out of equilibrium. Exchange rate adjustments in 1969 for some EC countries led to a divergence in support prices, thus undermining the objective of common prices. The discrepancies in the various support prices between EC member countries could only be maintained if a compensating system of taxes and subsidies on agricultural products was applied at borders.

Green Rates: Separate Exchange Rates for Agriculture

Each year, the EC sets policy prices for most major commodities which apply throughout the EC. The intervention price is the price that intervention or storage agencies in individual countries will pay for commodities delivered to them when producers or traders are unable to sell at a higher price in the market. In 1969, the intervention price for wheat was 98.75 UA/ton. For ease of exposition, assume an intervention price of 100 UA/ton (table B-2). Prior to August 8, 1969, the unit of account was worth 4.93706 French francs (FF) and 4.00 West German marks or Deutschmarks (DM). The exchange rate between the franc and the mark was 1.23426 FF/DM (that is, 4.93706 FF/4.00 DM). Converting the common EC intervention price into national currencies by their respective exchange rates yields a price of 493.706 FF/ton in France and 400 DM/ton in West Germany. Because the market exchange rates were used to convert CAP prices, the intervention price would be the same in each country as 400 DM was worth 493.706 FF in the foreign exchange markets.

Table B-2--CAP pricing & devaluation of the French franc

	Before Aug. 8, 1969	After Aug. 8, 1969
EC intervention price (UA/ton)	100	100
French franc exchange rate (FF/UA)	4.93706	5.55419
Deutschemark exchange rate (DM/UA)	4.00	4.00
Cross Exchange rate (FF/DM)	1.23426	1.38855
French intervention price (FF/ton)	493.706	555.419
W. German intervention price (DM/ton)	400	400
French franc (FF), Deutschemark (DM), unit of account (UA).		

Source: Harris, Swinbank and Wilkinson, 1983.

This can be demonstrated by simply multiplying 400 DM by the cross exchange rate (1.23426 FF/DM).

On August 8, 1969, France devalued the franc and its new official value in terms of the unit of account (and the U.S. dollar) was 5.55419 FF. Regulations at the time would have required policy prices to adjust to the new market exchange rates which would have implied a new intervention price in France of 555.419 FF, or a 12.5 percent increase. However, France did not want such a sharp increase in CAP prices because of the political implication for food-price inflation at that time (Swinbank). Therefore, France asked for a temporary reprieve from the common pricing system and was allowed to use the previous exchange rate (4.93706 FF/UA) to convert CAP prices to national currency, rather than the official IMF exchange rate (5.55419 FF/UA). This decision led to the creation of separate agricultural or "green" conversion rates which differed from market exchange rates. France was given 2 years to bring its green rate back into alignment with the market rate, and thus to return to the CAP's common pricing system.

MCAs: Border Taxes and Subsidies Emerge

The effect of France's decision to stick with the former (green) exchange rate meant its prices for agricultural commodities were lower than those of other EC countries, and the principle of common prices for agriculture was negated. Had nothing been done to alter this situation, French farmers would have tried to send their produce into other higher priced markets like West Germany. Market prices in France would have eventually risen to match prices elsewhere and Germany would have been flooded by cheap imports. To prevent these market adjustments, border taxes and subsidies known as monetary compensatory amounts (MCAs) were established. MCAs act as taxes on exports and as subsidies on imports of weaker currency countries like France, and subsidies on exports and taxes on imports of stronger currency countries like West Germany.

MCAs are determined by comparing the market rate for a currency with its green rate. The formulas for calculating MCAs are:

$$\text{MCA\%} = ((\text{Market rate/green rate}) - 1) * 100$$

$$\text{MCA} = \text{Intervention price} * \text{green rate} * \text{MCA\%}$$

From the above example:

$$\begin{aligned} \text{MCA\%} &= ((5.55419 \text{ FF/UA} / 4.93706 \text{ FF/UA}) - 1) * 100 \\ &= 12.5\% \end{aligned}$$

$$\begin{aligned} \text{MCA} &= 100 \text{ UA/ton} * 4.93706 \text{ FF/UA} * 12.5\% \\ &= 61.713 \text{ FF/ton} \end{aligned}$$

MCAs are basically equal to the difference in the intervention prices between countries. The MCA amount of 61.713 FF/ton is equal to the difference between the French intervention price, before and after the devaluation, and would be the amount of tax applied to wheat leaving France and the amount of subsidy on wheat entering France from another EC-member country (figure B-1). Thus, a country that maintains its support prices below the common level, like France, has negative MCAs which take the form of taxes on exports and of subsidies on imports. On trade with non-EC countries, the MCA is deducted from subsidies on exports, and from levies on imports.

In October 1969, shortly after the franc devaluation, West Germany revalued its mark by 8.5 percent to 3.66 DM/UA, which had similar implications for common pricing but with different impacts on the West German economy. In this case, the German intervention price would have fallen to 366 DM/ton and, in turn, a fall in farm incomes which was unacceptable to policymakers. West Germany, like France, chose to convert agricultural policy prices from units of account to marks, at the old rate, to keep the intervention price at 400 DM/ton. To maintain this higher price, Germany had to impose an MCA of 34 DM/ton ($100 \text{ UA/ton} * 4.00$

DM/UA * 8.5%) on imports, and a 34 DM/ton subsidy on exports. On trade with non-EC countries, the MCA was added to the import levy and to the export subsidy. A country such as West Germany, that tries to maintain support prices above the common level, has positive MCAs.

The initial intent of MCAs was to permit countries a temporary reprieve from the instability in the foreign-exchange market from being transmitted onto farm and food prices. The MCAs were to be phased out over a short time period as countries either devalued or revalued their green rates in line with market exchange rates and returned to the common pricing system, as initially intended. However, the unravelling of the Bretton Woods system in the early 1970's ended the link between gold and the U.S. dollar and resulted in greater volatility in foreign exchange markets. More and more EC countries opted for green rates and the MCA system to stabilize prices resulting in divergent support prices among EC member countries (figure B-2).

Multiple Green Rates

Prior to 1977, there was one green rate for each EC-member country for converting CAP prices into national currencies, so, while prices between countries might have differed, relative prices (e.g., livestock-to-feed price ratios) would be maintained. However, in the 1970's, different green rates for agricultural commodities began to emerge as countries delayed a revaluation or devaluation of their green rates for specific commodities that posed special problems. Over time, this has led to advantages for producers of, for instance, pork in one country over another because of more favorable livestock/feed price ratios (figure B-3).

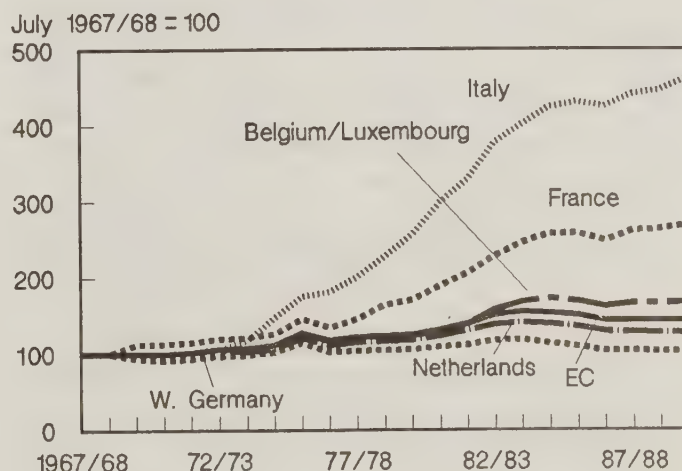
The concept of a single agricultural conversion rate for all commodities collapsed and multiple green rates of exchange began to proliferate. The objective of common pricing laid

Figure B-1
EC Policy Prices and MCAs, 1969

EC Price 100 UA			400 DM
	German Price		
	400 DM	400 DM	<div>↑</div> MCA = 34 DM <div>↓</div> 366 DM
	493.706 FF	555.419	555.419 FF
	French Price	<div>↑</div> MCA = -61.713 FF <div>↓</div> 493.706 FF	
	Before Aug. 8	After Aug. 8	After Oct. 26

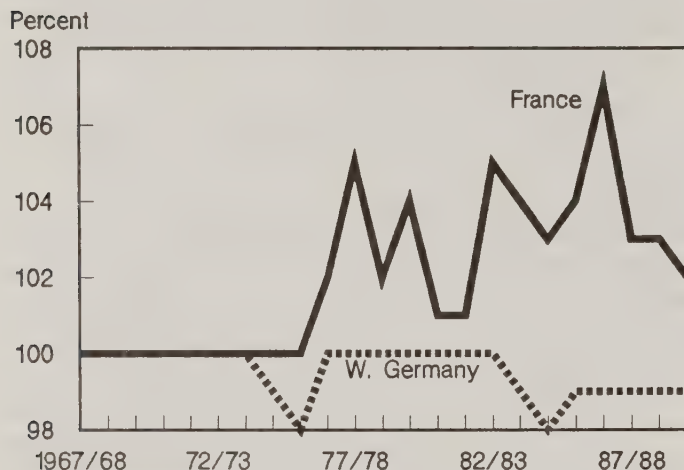
UA = Unit of account.

Figure B-2
EC Intervention Price Indexes for Wheat



Source: EC Commission.

Figure B-3

Green Rate Ratio for Pork and Wheat

Source: EC Commission.

down by the CAP was further eroded and the existence of an "uncommon" agricultural policy had become a reality.

The European Monetary System and The European Currency Unit

In March 1979, the European Monetary System (EMS) was introduced to stabilize exchange rates between EC member countries. The EMS is based on the European Currency Unit (ECU), a "basket" unit whose value is equal to the sum of defined amounts of each member country's currency (table B-3). The amount of a country's currency that is included in the ECU depends on a weighting scheme that accounts for the country's economic ranking in the Community. The weighting system was initially based on a 5-year average of GNP and intra-EC trade for the period 1969-73 (Strasser, 1981).

There is an official review of the ECU basket every 5 years to determine whether a new composition is warranted, or sooner if the weight of an individual currency has changed by 25 percent or more as a result of currency fluctuations. In September 1984, the composition of the ECU was revised to account for the currency fluctuations since 1978 and to incorporate the Greek drachma into the currency basket. In September 1989, the composition of the ECU was revised once again to add the Spanish peseta and the Portuguese escudo.

The value of the ECU is determined daily by the EC Commission based on the composition of the ECU and the market exchange rates of the individual member's currencies against the U.S. dollar (table B-4). The market exchange rate against the U.S. dollar was selected as it was deemed to be the most representative rate for international financial transactions (*Agra Europe*, *CAP Monitor*).

Table B-3--Definition of the European Currency Unit (ECU)

Currency	Currency code	Amount of Currency in ECU		
		Dec. '78	Sept. '84	Sept. '89
West German mark	DM	0.828	0.719	0.6242
French franc	FF	1.15	1.31	1.332
UK pound sterling	L	0.0885	0.0878	0.08784
Italian lira	lira	109	140	151.8
Dutch florin (guilder)	Hfl	0.286	0.256	0.2198
Belgian franc	Bfr	3.66	3.71	3.301
Luxembourg franc	Lfr	0.14	0.14	0.13
Danish krone	DKr	0.217	0.219	0.1976
Irish punt	IrP	0.00759	0.00871	0.008552
Greek drachma	Dra	--	1.15	1.44
Portuguese escudo	Esc	--	--	1.393
Spanish peseta	Pta	--	--	6.885

Source: *Agra Europe*, *CAP Monitor*, July 1989; *Agra Europe*, Sept. 22, 1989.

At 2:30 p.m. each day, the central banks of the member countries communicate their official exchange rate against the U.S. dollar to the Commission, which in turn divides these exchange rates (col. (b), table B-4) into the amounts of each currency in the ECU (col. (a)) to determine the dollar equivalent of each currency in the ECU (col. (c)). The dollar equivalent of each currency is then summed to obtain the dollar value of the ECU (\$1.101779/ECU). This becomes the official ECU-dollar rate used for official transactions of the EC. The ECU rate for each country's currency (col. (d)) is then obtained by multiplying the ECU-dollar rate (\$1.101779/ECU) by the country's market rate against the U.S. dollar (col. (b)).

Because the ECU is a market basket of EC member currencies, the appreciation or depreciation of a currency will in turn increase or decrease the value of the ECU in dollar terms. The degree to which an EC member's currency influences the value of the ECU is directly related to the importance of that currency in the basket. The West German mark has played the dominant role in determining the value of the ECU, followed by the French franc, the British pound and the Dutch florin.

Monetary stability within the EMS is maintained by the Exchange Rate Mechanism (ERM) in which nine of the EC members maintain their currency exchange rates within specified bands of their central rates against the ECU. These central rates are target rates of the EC countries' currencies against the ECU and are fixed except when EMS realignments are required. Greece and Portugal are members of the European Monetary System but do not currently participate in the ERM. The UK joined the ERM on October 8, 1990. The other member countries are required to maintain their currency rates within a 2.25 percent band of their central ECU rate, except for Spain and the UK which are permitted a 6-percent band. Central banks of the member countries are required to take corrective action to keep currency rates from moving outside of these bands.

Table B-4--Calculation of the European Currency Unit (ECU), May 2, 1989

Country 1/	Currency code	Amount of currency in ECU 2/ (a)	Exchange rate against US \$ (b)	US \$ equivalent of Currency amount (c) = (a)/(b)	Exchange rate against ECU (d) = Sum of (c)*(b)
			Currency/US \$	US \$	Currency/ECU
West Germany	DM	0.719	1.88861	0.380703	2.08083
France	FF	1.31	6.38203	0.205264	7.03159
United Kingdom	L	0.0878	0.594603	0.147662	0.65512
Italy	lira	140	1381.51	0.101338	1522.11935
Netherlands	HfL	0.256	2.13091	0.120136	2.34779
Belg.-Lux. 3/	BFr/LFr	3.85	39.5252	0.097406	43.54805
Denmark	DKr	0.219	7.34953	0.029798	8.09756
Ireland	IrP	0.00871	0.706917	0.012321	0.77887
Greece	Dra	1.15	160.821	0.007151	177.18928

				\$1.101779 = 1 ECU	

1/ Portugal and Spain not part of calculation until September 1989.

2/ September 1984 weights.

3/ Belgium and Luxembourg weights combined.

Source: Agra Europe, CAP Monitor, July 1989, p. 2-13.

Table B-5--Intervention prices, 1978/79

Commodity	UA/ton	ECU/ton
Soft wheat	121.57	146.97
Corn	121.57	146.97
Rice	174.98	211.54
Beef and veal	1,133.70	1,370.60
Butter	2,350.40	2,841.50
Sugar (raw)	278.10	336.20

Note: Prices in UA converted to ECU by applying adjustment coefficient of 1.208953.

Source: EC Commission.

Since April 1979, the ECU has replaced the unit of account (UA) as the basis for expressing CAP prices and for calculating MCAs. At that time, the value of 1 ECU was lower than 1 unit of account by nearly 21 percent. To prevent policy prices from dropping when converting them from units of account to ECU, a conversion coefficient of 1.208953, based on the percent difference between the two monetary units, was applied to policy prices denominated in units of account to arrive at prices in ECU for the 1978/79 marketing year (table B-5). Green rates were also adjusted by the same coefficient so that there was no net change in prices when converting to national currencies.

Monetary Gap and MCAs

To determine MCAs under the EMS, it is necessary to first compute the "real monetary gap" (RMG) which is the percentage difference between the market rate and the green rate:

$$\text{RMG} = ((\text{Market Rate}/\text{Green Rate}) - 1) * 100.$$

The RMG is similar to the percentage MCA calculated under the previous system when the unit of account was the basis for expressing CAP amounts.

The method for calculating the RMG differs for EC countries, depending on their role in the ERM. For countries that observe the narrow band (+/- 2.25 percent), the ECU central rate is used for the market rate. The RMG for these countries are considered "fixed" as they change only when green rates or central rates change which occurs relatively infrequently. For countries that observe the wider band (+/- 6 percent) or do not participate in the ERM, the RMG are calculated weekly, based on a 5-day average of the market rate against the ECU.

While the initial intent of MCAs was to fill the monetary gap between market and green rates of exchange so as to minimize the impacts on trade and the intervention system, a number of regulations have reduced the size of MCAs because of budget costs and various market distortions that have arisen. Since 1973, a franchise or "neutral margin" has been deducted from the RMG to arrive at the percentage MCA. The formula for this calculation is:

$$\% \text{MCA} = \text{RMG} - \text{neutral margin}.$$

Various other rules have evolved which modify or drop the MCA:

- if it is less than 1 percent (noncumulation rule),
- if the change between the new gap and the old gap is less than 1 percent (*de minimis* rule), and
- if it is negligible in relation to the value of the product (the lower limit rule).

The Switchover Mechanism and the Green ECU

While MCAs were designed to be a temporary measure until member countries realigned their green rates with market

rates and returned to common pricing, in reality the use of MCAs persisted into the 1980's with the monetary gaps continuing to widen. One of the principal problems in dismantling the MCA system is the elimination of positive MCAs in strong currency countries because of the consequent reduction in farm prices in national currency. The "Gentlemen's Agreement" of 1979 stipulated that any elimination of MCAs should not lead to a decline in farm prices. The "switchover mechanism" was introduced in 1984 to deal with the problem of positive MCAs, with the goal of eliminating positive MCAs by the start of the 1987/88 marketing year (EC Commission, 1987).

The key component of the switchover mechanism is the application of a corrective factor to the ECU central rates. In 1984, a corrective factor of 1.033651 was applied to the central rates. The effect was to reduce positive MCAs for strong-currency countries (e.g., West Germany) without reducing support prices to farmers as the green rates remained unchanged. At the same time, negative MCAs were increased which had the effect of raising farm prices for countries with weaker currencies. In essence, the central ECU rate was raised by the amount of the correcting factor giving rise to a new central rate referred to as the "green" central rate or "green" ECU.

To prevent the creation of new positive MCAs following an EMS realignment in the future, the corrective factor was increased in line with the revaluation of the strongest currency, usually the Deutschemmark. By the beginning of 1988, the corrective factor had increased to 1.137282, implying a green ECU rate 13.7 percent higher than the central ECU rate. Contrary to design, the effect of the switchover mechanism was inflationary and resulted in even greater loss of EC control over the setting of CAP prices which were being harmonized at the highest level (Swinbank, p. 17).

Market Distortions Caused by Green Rates and MCAs

The system of green rates and MCAs emerged as a result of EC member countries' unwillingness to allow market exchange rate changes to directly affect their producers and consumers. These mechanisms prevent the concept of common pricing and, therefore, affect production decisions, resource allocation, marketing costs, consumption, stock levels, trade patterns and budget outlays. By supporting prices at higher levels in some countries, production is stimulated and more resources are employed in agriculture than in the countries with lower-prices (Harris, Swinbank and Wilkinson).

Border protection provided by MCAs maintains this higher price by keeping out cheaper imports from other member countries as well as from third countries, thus affecting trade patterns and reducing economic welfare. To the extent the developments in the agrimonetary system have been unduly

influenced by strong currencies (the Deutschemmark and the Dutch florin), the overall level of CAP prices for all countries is higher than it otherwise would be.

CAP prices denominated in common units (UA until 1978/79, ECU afterwards) increased until 1984/85 when the EC began to "discipline" prices, at least in ECU (figure B-4). This was the same year the EC introduced the switchover mechanism and its accompanying correction factor. However, prices expressed in national currencies, which account for the switchover mechanism and green rates of exchange, have continued to climb since 1984/85, though at a slower rate (2.2 percent per year for 1984/85-1989/90 versus 8.3 percent per year for 1978/79-1983/84).

High CAP prices have contributed to higher production, lower consumption and greater self-sufficiency for EC agriculture. EC self-sufficiency between the periods 1960-64 and 1985 has risen from 84-127 percent for cereals, 100-133 percent for butter, 99-132 percent for sugar, and 97-to-102 percent for meat (figure B-5). The greatest gains in self-sufficiency occurred over 1975-79 to 1980-84 period when intervention prices in national currencies were rising rapidly. The increased self-sufficiency in turn has sharply reduced EC imports of agricultural products, particularly grains and oilseeds (figure B-6).

While there are other factors that have influenced the levels of self-sufficiency and trade patterns in the EC, the agrimonetary system has played an important role.

The Agrimonetary System Is Inconsistent With Project 1992

The EC's agrimonetary system, with its differential price impacts and border taxes and subsidies, is inconsistent with the goal of eliminating all internal barriers to trade by 1992.

Figure B-4
EC CAP Price Indexes

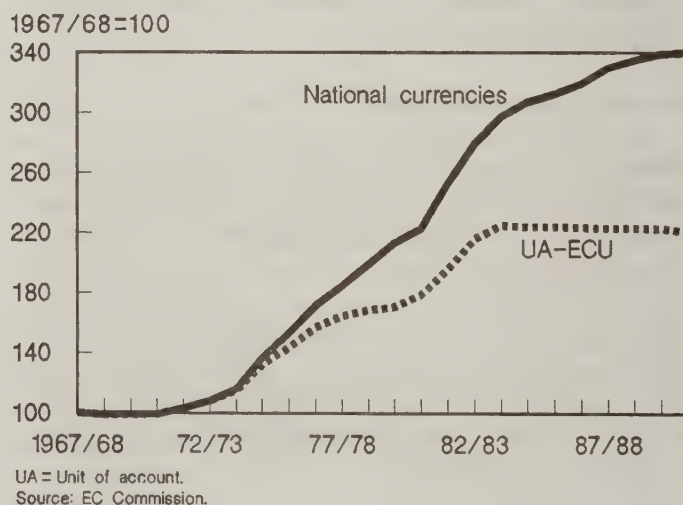
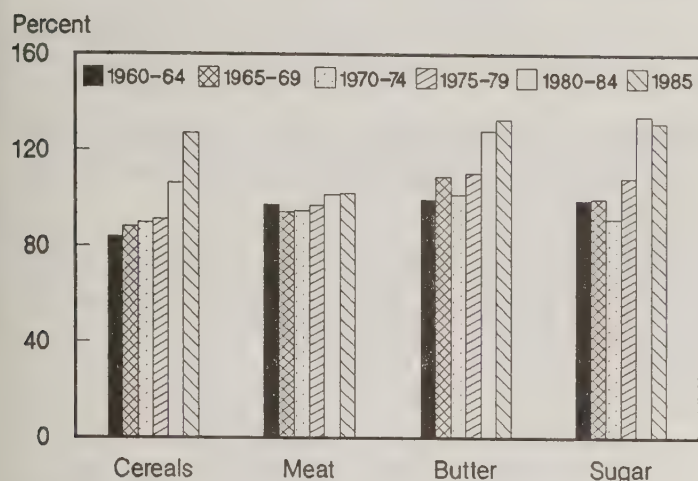
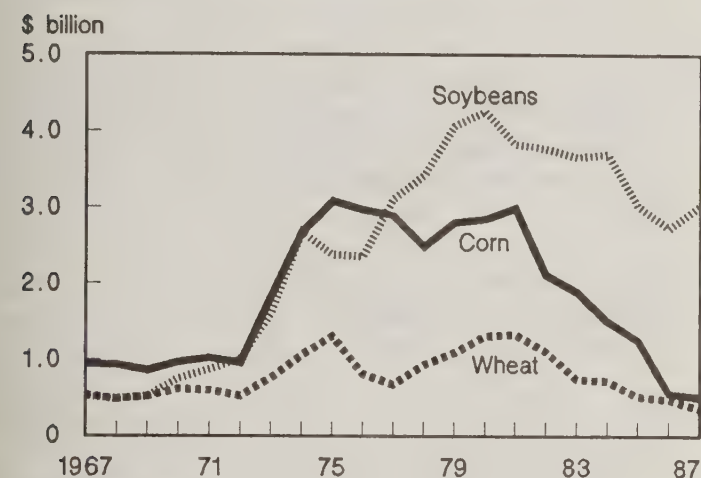


Figure B-5
EC Self-Sufficiency



Source: Eurostat.

Figure B-6
EC Imports of Selected Commodities



Source: United Nations.

MCAs are currently collected at customs posts along the borders but are scheduled to disappear at the end of 1992. It would be infeasible to maintain customs posts after 1992 for the sole purpose of collecting MCAs on agricultural products.

The principal obstacle to obtaining common prices among EC countries is the lack of monetary union, either through fixed exchange rates between countries or a single currency. The Exchange Rate Mechanism that was created in 1979 has reduced the degree of currency fluctuations between most EC members. Two countries (Greece and Portugal) do not currently participate and two countries within the ERM (the UK and Spain) have currency-fluctuation margins of plus or minus 6 percent. Lack of full participation in the ERM and the wide band for some participants has exacerbated the problems caused by green rates and MCAs. Closer mone-

tary coordination among member countries would eliminate many of the problems caused by the current system.

To address the problems caused by a lack of monetary union, a special committee headed by EC Commission President, Jacques Delors, issued a report (April 12, 1989) that laid out a 3-stage program for full economic and monetary union for EC-member countries (*Agra Europe*, Apr. 21, 1989). Stage 1 aims at closer coordination of economic and monetary policy among member countries. An important component of the first stage is to get all EC countries to join the ERM. Stage 2 calls for the establishment of institutions responsible for coordinating economic and monetary policies. The European System of Central Banks would be set up to manage the EC's monetary system. Responsibility for economic policy decisions would still remain at the national level but policy guidelines would be set at the Community level. In the third and final stage, control over economic and monetary policies would be ceded to EC institutions, and exchange rates would be fixed, which would allow for the transition to a common currency.

Conclusions

The EC's agrimonetary system, which began as a simple mechanism for converting agricultural prices, subsidies, and levies from a common accounting unit to the national currencies of the member countries, has evolved into a complex web of rules and regulations that has created market distortions, not only between countries but also between commodity sectors within countries. The use of agricultural (green) exchange rates that no longer reflect market exchange rate changes has led to:

- a breakdown in one of the EC's fundamental goals—common pricing;
- a system of border taxes and subsidies (MCAs) that distort trade flows; and
- large administrative costs to both businesses and government to implement the system.

The EC's claim for credit for policy reform since the start of the Uruguay Round in September 1986 would appear to be legitimate only if reform were evaluated in terms of policy price developments in ECU terms. However, when the true policy price developments are evaluated in national currency terms, which take account of green rate changes, the EC has continued to raise price support for most commodities since 1986.

The EC's 1992 program is attempting to complete the common market in the true economic sense by eliminating all internal barriers to trade. There are no directives in the EC's 1992 program that call for the elimination of the agrimone-

tary system. However, because of its differential price impacts and trade distortions, the agrimonetary system is incompatible with the 1992 program's goal of a truly unified market.

Elimination of the agrimonetary system with its green rates and border taxes/subsidies by 1992 will prove to be an arduous, if not impossible task. The price differences that currently exist between countries as a result of the green rate system imply significant adjustments if the EC's pricing system is to be harmonized by 1992. Ultimately this implies price adjustments for EC-member countries. A decision to harmonize at the highest price level would imply price increases for all countries. Harmonization at less than the highest level would imply price reductions for strong-currency countries such as West Germany and the Netherlands and price increases for others. Price reductions will be strongly resisted and will likely require some form of compensation.

While the move to a common currency called for in the Delors plan for full economic and monetary union would eliminate the agrimonetary system and its distortions, the political barriers to achieving full integration are formidable and will prevent it from occurring until well after 1992. The higher than expected cost of German economic and monetary union, which began on July 2, 1990, has caused some EC member countries that were pushing for a fast-track approach to EC economic and monetary union—particularly West Germany—to shift their position more in line with the British "go-slow" approach. A more reasonable and likely solution to the agrimonetary dilemma in the near term is a tightening of the current arrangements including:

- a faster alignment of green rates with market rates,
- a gradual elimination of green rate differentials between commodities, and
- direct payments or tax credits made by national governments in place of MCAs.

As Europeans celebrate the new year on January 1, 1993, they will be welcoming many new changes brought about by the 1992 project and will be closer to the realization of the goal of a true common market. However, the agricultural sector is likely to maintain its special exemption, and the goal of a genuine common agricultural market will be reserved for a future date.

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National Production Quotas on Milk and Sugar: Can They Survive the Drive for a Single Market?

by
Steve Neff

Abstract: The European Community supports sugar and milk production with export subsidies, variable levies on imports, and price supports. To limit budget costs associated with this support, they impose production quotas on both commodities rather than reducing prices. The production quotas are allocated to the member states on a national basis, which may conflict with the notion of a borderless EC. This article provides background on the milk and sugar policies and markets, considers the pressures for change in the milk and sugar quotas, and describes possible options that the EC may adopt if the national production quotas are found to be incompatible with the Single Market.

Keywords: Single Market, 1992, European Community, sugar quotas, milk quotas, superlevy.

Introduction

The EC has instituted various supply control programs for commodities that became expensive to support. By supporting commodity prices well above those prevailing in international markets, the EC encouraged domestic production. When the EC became more than self-sufficient in many commodities, export subsidies were required to dispose of the surpluses. For some commodities, e.g., cereals since 1986 and milk since 1977, "coresponsibility levies"—essentially farmer taxes—have been used to get farmers to help finance disposal of commodity surpluses and market expansion. For sugar and milk, production quotas have been used since 1968 and 1984 respectively.

Are National Quotas Compatible With 1992?

The EC has not yet decided whether or how national production quotas for milk and sugar (table C-1) may change due to the 1992 program. While there are no directives to remove these programs, national quotas do inhibit competition among countries and within countries. While economists argue against production quotas on the criterion that quotas are inefficient, the two main objections to quotas with respect to the single market program are:

- that quotas are allocated by country, not distributed according to a market for quotas, and
- that quotas are not transferable across national borders, nor are they generally tradeable within a country.

In the case of milk and sugar quotas, the EC Commission takes the view of most national governments and the Council of Agriculture Ministers, i.e., unfettered trade in milk prod-

ucts and sugar does not prohibit nationally based allocation of production. National governments have retained prerogatives over national quotas because national agriculture ministers, who compose the Council of Agriculture Ministers, want to preserve their country's share of EC sugar beet and milk production—commodities with high profits. In other words, the agriculture ministers seek the interests of their own farmers and agribusinesses rather than the Community interest.

National quota systems for milk and sugar are likely to come under attack and could be modified or dismantled because, while aiding the objectives of supply control and budget control, they conflict with the objective of a single market.

Table C-1--EC milk and sugar quotas by country

	Milk	Sugar 1/ (refined)
	----1,000 tons----	
Belgium/Luxembourg	3,636	826
Denmark	4,525	425
W. Germany	21,927	2,602
Greece	540	319
France	24,613	3,802
Ireland	5,300	200
Italy	9,221	1,568
Netherlands	11,213	872
UK	14,790	1,144
Spain	5,079	1,000
Portugal	2/	70
EC	100,844	12,828

1/ "A" plus "B" quotas.

2/ Under its terms of accession to the EC, Portugal retains its national milk program until 1991. Portugal produces approximately 1.5 million tons of milk annually.

Source: Agra Europe Ltd., CAP Monitor

Some Europeans argue that national production quotas are logically inconsistent with a borderless Europe. A production quota is an asset. Assets can be bought and sold. The 1992 program is meant to remove barriers to free trade within the EC. It would seem to follow that production quotas should be tradeable throughout the EC.

The EC may decide that the national quotas are defensible and not contrary to the single market objective. It may decide that a single market is a good concept but should not be carried to extremes. Most farmers are content with the quotas because they are guaranteed a high price for the quantity allowed under the quota. The alternative to supply control would be price reductions, a course that most farmers do not want to take.

On the criterion of economic efficiency, national quotas are objectionable because they freeze the location of production, rather than letting the market allocate production according to comparative advantage. The immediate consequence of production quotas is that location of production is determined according to prior patterns rather than shifting according to where it is most suitable. What this means, economically, is that the average cost of producing the controlled commodities is higher than it would be without the quotas. A further consequence is that the processing location for these commodities is suboptimal; i.e., the industry has higher overall costs under the national production quotas than it would without them. If quotas were removed, it would be expected that modernization and consolidation would result in fewer processing facilities than are operating currently. As it is now, governments allocate the national quotas to processors, which tends to further freeze production and processing.

There is no conceptual difference between the problems of national quotas for milk and sugar in a unified market, but each has its own history and market characteristics. The cases of milk and sugar are examined separately.

Background on Dairy Market and Quotas

The dairy sector has a large role in European agriculture. Milk is the most important single commodity in the EC with 32.68 billion European Currency Units (ECU), or \$27.65 billion, in value of output in 1988—some 18 percent of all farm receipts. Dairying also has an important social role in EC agriculture. Where there are many small farms, particularly in the less prosperous member states (e.g., Greece, Spain, and Portugal), the dairy support program is an important method of bolstering rural incomes. In the entire EC, 23 percent of farmers with milk cows had only 1 or 2 cows, and 53 percent had fewer than 10 cows (table C-2).

In April 1984, milk quotas were introduced in response to high budget costs for intervention measures and export subsidies to dispose of surplus dairy products. In previous years,

high support prices averaging well above world prices encouraged production that far surpassed self-sufficiency (table C-3). The Community accumulated large stocks of butter and skim milk powder, (table C-4), and simultaneously provided large subsidies to dispose of these surpluses through the domestic feed and export markets. The result was a high budget cost for surplus disposal (table C-5).

When budget costs became unbearable, the EC chose to pay farmers the same high price, but on a reduced quantity, instead of allowing the market price to fall enough to reduce the surpluses (Oskam, et. al.). Thus, milk quotas were allocated by the Commission to the member states, based on

Table C-2--Percentages of farmers with small dairy herds in the EC-12 and in selected member states, 1987.

	1-2 cows	<10 cows
	-----Percent-----	
EC-12	23.4	53.2
Portugal	67.0	90.5
Greece	57.2	93.0
Spain	30.1	80.2
Italy	35.5	72.6
W. Germany	9.5	40.3

Source: EC Commission, Agricultural Situation in the Community: 1989 Report, Brussels, 1990.

Table C-3--Comparison of EC and world prices for dairy products, 1982-1988.

Year	Butter			Skim milk powder		
	-----EC-----	World		-----EC-----	World	
	ECU/ton	\$/ton	\$/ton	ECU/ton	\$/ton	\$/MT
1982	3,497	3,563	2,025	1,462	1,490	825
1983	3,579	4,015	1,710	1,496	1,679	750
1984	3,197	4,051	1,325	1,658	2,102	670
1985	3,132	4,106	1,010	1,740	2,282	630
1986	3,132	3,182	1,025	1,740	1,768	700
1987	3,132	2,715	975	1,740	1,509	910
1988	3,132	2,650	1,340	1,740	1,472	1,165

1/ EC common intervention price, CAP Monitor.

2/ Based on ECU/US\$ rates from Eurostat.

3/ FOB North European and selected world ports.

Source: USDA/FAS, World Dairy Situation, June 1989.

Table C-4--EC dairy intervention stocks 1982-1988

	Butter	Skim milk powder
	-----1,000 tons-----	
1982	112	576
1983	692	983
1984	841	617
1985	996	520
1986	1,283	772
1987	860	473
1988	102	10

Source: EC Commission, Agricultural Situation in the Community, various years.

Table C-5--EC dairy budget costs, 1982-1990.

Year	Budget cost
Billion ECU	
1982	3.328
1983	4.396
1984	5.442
1985	5.933
1986	5.406
1987	5.182
1988	5.984
1989	4.908
1990 1/	4.489

1/ Based on 1990 draft budget.

Source: EC Commission, Agricultural Situation in the Community, various years.

each country's 1981 milk production, plus 1 percent. The quantity of milk production allowable under the quotas was still above domestic needs, given the price-support level. However, a penalty, called the "superlevy," was placed on over-quota production. The superlevy was originally set at 100 percent of the milk support price (the target price) in the member states that allocated quotas to processors, and at 75 percent if the quotas were allocated at the farm level. In 1989, the Dutch switched from application of milk quotas at the farm level to application at the processor level.

The total EC milk quota is composed of three components:

1. A guaranteed quantity for milk deliveries to dairies was established for each member state, allowing a level equal to 1981 deliveries, plus one percent. Guaranteed quantities comprise more than 95 percent of the total quota.
2. The smallest part of the total quota is the reserve quota, which was given to Ireland, Luxembourg, and the United Kingdom (for Northern Ireland). Spain was given a reserve beginning in 1987/1988.
3. For farmers who were selling some milk directly to final consumers rather than to dairies, the program established a quota on direct sales to consumers based on the direct sales quantity in 1981, plus one percent. A provision was

also included to allow switching between direct sales and deliveries to dairies, as long as the national total quota was not exceeded.

In addition to these quota components, the EC Court of Justice decided in 1988 that some additional quotas must be granted to farmers originally denied quotas in 1984. The so-called "SLOM" quota, named by the Dutch acronym for the court case, expanded the total quota by 500,000-600,000 tons. Farmers were eligible if they discontinued milk production under an EC milk-reduction scheme in the late 1970's, but wanted to produce again under the superlevy system.

The conflict between the milk quotas and the EC's 1992 program lies as much in the method of allocation and administration as in the concept of production quotas themselves. The milk quotas were not tradeable across national borders and were in fact restricted in their transferability among producers within the individual countries. Although the Commission allowed member states some flexibility in regulating quota transfers, the quotas were linked to the land. For individual producers, a quota could be transferred only if a farm was sold, leased or inherited.

In an agricultural sector free of quotas, developments in the agricultural economy such as technical change, relative price changes for commodities, and relative changes in factor prices across countries cause shifts in the relative profitability of production between countries and among regions within countries. To illustrate, consider table C-6, which shows how milk production levels and relative shares of milk production changed among the original six EC members from the establishment of the milk regime in 1968 to 1983, the year before the milk quotas were adopted.

With the adoption of national quotas, the shares are fixed, stopping any shifts that might result (or might have resulted since 1984) from changes in comparative advantage. The net result of freezing production patterns was decreased efficiency and competitiveness of the EC milk sector. A further loss of competitiveness for the sector could provoke a serious budget problem, as it is already heavily dependent on subsidized exports.

Table C-6--Milk production in the EC-6 from 1968 to 1983, selected years.

Country	1968		1973		1978		1983	
	1,000 tons	% of total	1,000 tons	% of total	1,000 tons	% of total	1000 tons	% of total
Belgium/Luxembourg	4,129	5.7	3,850	5.6	4,022	5.4	4,161	5.0
Netherlands	7,710	10.6	9,354	13.7	11,367	15.4	13,231	16.0
W. Germany	22,121	30.4	21,265	31.2	23,291	31.5	26,913	32.5
France	30,444	41.8	24,850	36.4	25,850	35.0	27,905	33.7
Italy	8,352	11.5	8,939	13.1	9,360	12.7	10,580	12.8
Total EC-6	72,756	100.0	68,258	100.0	73,890	100.0	82,790	100.0

Source: USDA, Foreign Agricultural Service.

Background on Sugar Market and Quotas

Sugar beets are less important than milk in EC agriculture, making up only 2.6 percent of total value of agricultural production in 1988 (*The Agricultural Situation in the Community*). Sugar beets are grown in all EC countries except Luxembourg. Production quotas (table C-1) have been in effect since the 1968/69 crop year, when the EC had only six members.

The quota is divided into two components, "A" quota, which is approximately equal to EC use, and "B" quota, which is less than 20 percent of total quotas. The A sugar quota is most profitable, because it receives the high EC support price and is only subject to a basic producer levy of 2 percent. The B quota can be considered a "safety margin" to ensure that the EC will have sufficient sugar supplies even in a poor crop year. Ordinarily the B sugar must be exported with subsidies, and additional producer levies (beyond the 2-percent basic levy) of up to 37.5 percent may be assessed to pay the export subsidies. Production above the "A" plus "B"

total limit is termed "C" sugar, which receives no price support and must be exported without subsidy.

As with dairy, the EC sugar regime supports producer prices of more than double the prices in international markets (table C-7). Rather than imposing a "superlevy" on production exceeding the quotas, as is done with milk, the sugar quota system relies on producer levies to dispose of surplus sugar. The sugar program accounted for 7-10 percent of EC farm spending, although much of it was offset by the various levies (table C-8). Quotas are allocated to the member states, which in turn allocate them to processors. Sugar quotas are transferable within the borders of a member state, as long as a processor's quota is not reduced by more than 10 percent.

The EC also maintains production quotas of 291,000 tons on high fructose sweeteners, known in Europe as isoglucose. Elimination of the sugar production quotas would remove the rationale for isoglucose production quotas. Without the quota, sugar would be displaced by isoglucose in soft drinks and other uses where the substitution is technically and economically feasible. In the United States, where the high fructose corn syrup (HFCS) industry has not been restrained as it has in Europe, HFCS has become a mature industry holding 35-40 percent of the caloric sweetener market.

Displacing a similar share of EC sugar consumption could have greater impacts on the EC domestic sugar industry than it did in the United States because of the differing market situations. The United States had been a large importer of sugar, so it was able to reduce those imports as the corn sweetener industry grew. The EC, by contrast, has been a net exporter of sugar since 1977. Any displacement of domestic sugar consumption by high fructose syrups would be much more costly there. Either EC sugar production would have to fall, or the EC would have to subsidize exports of displaced sugar at great expense.

Options for Modification of Milk and Sugar Quotas

There seems to be little political desire at the Community or national level to abandon the milk and sugar quotas. However, the milk system is scheduled to lapse on March 31, 1992. Given the popularity of the milk quotas with most farmers and no looming dairy budget crisis, the consensus view is that the milk quotas will be extended in some form. Still, the scheduled expiration date will prompt a thorough review, and various alternative policies may be considered. The Commission has proposed to extend for 2 years the current sugar quota program, which was due to expire in June 1991.

There have already been suggestions for changes in the quota programs. For instance, the Dutch dairy board has called for quota trading across national borders (*Agra Europe*, Jan. 26, 1990). If the Dutch dairy board is unsuccessful in negotiating with the Dutch Government and the EC

Table C-7--Comparison of EC and world sugar prices

Marketing Year 3/	EC price 1/		World price 2/ \$/ton	Ratio
	ECU/ton	\$/ton		
1982/83	514.1	504.5	226.13	2.23
1983/84	534.7	476.6	222.06	2.15
1984/85	534.7	422.0	146.22	2.89
1985/86	541.8	413.3	179.01	2.31
1986/87	541.8	533.3	187.39	2.85
1987/88	541.8	624.9	222.94	2.80
1988/89	541.8	640.4	305.61	2.10

1/ EC common intervention price for refined sugar.

2/ London Daily Price, refined basis.

3/ The EC sugar marketing year is July-June.

Source: EC intervention price from Agra Europe Ltd., CAP Monitor; London Daily Price from USDA, Sugar and Sweetener Situation and Outlook Report; \$US-ECU exchange rate from Eurostat.

Table C-8--EC sugar budget items, 1982-1988.

Year	Budget cost		Export refunds	Producer levies
	mil. ECU	% of total	mil. ECU	mil. ECU
1982	1,242	10.0	744	706
1983	1,316	8.3	758	948
1984	1,632	8.9	1,190	1,176
1985	1,805	9.1	1,353	1,057
1986	1,726	7.8	1,238	1,111
1987	2,036	8.8	1,516	1,472
1988	2,082	7.5	1,566	1,391
1989	2,051	7.2	1,420	1,317
1990 1/	2,127	7.5	1,483	1,385

1/ 1990 draft budget

Source: EC Commission, *Agricultural Situation in the Community*, various years.

Commission for milk-quota trading rights, it plans to press for quota trading through the European Court of Justice. The sugar quotas may also receive a push for revisions, as the UK and Italy both attempted unsuccessfully to get their quotas changed during the review preceding the current period, 1986/87-1990/91.

Assuming that milk and sugar production quotas remain after 1992, there would be several ways to rationalize the systems:

- free trade in quotas throughout the Community;
- free trade in quotas within national boundaries;
- limited trading of milk quotas above national self-sufficiency; or
- limited trading of quotas purchased by the Commission and then auctioned.

1. Of the four possibilities listed, free trade in quotas throughout the Community would be most consistent with the Single Market. This would allow comparative advantage to determine the location of milk and sugar production within the Community. This plan would, at the same time, allow the EC to maintain production control by maintaining the overall EC quota.

2. Free trade in quotas within national boundaries would amount to a relaxation of current rules, which tie milk quotas to the land and sugar quotas to the sugar beet processor. While there is some scope for flexibility in administering the milk quotas on the national level, transfer of milk quotas normally involves selling, willing, or leasing the land, as well as the quota itself. If quotas were allowed to be traded freely within each country, it would be a step toward greater efficiency and still protect each nation's share of EC production.

3. If limited trading of milk and sugar quotas for quantities above national self-sufficiency were allowed throughout the EC, it would acknowledge the member states' rights to have some ability to direct farm income to farmers, while still limiting the quantity produced to domestic consumption. If a country were to attempt to justify its agricultural policy on the need for self-sufficiency, however misguided the effort, it might argue that intervention and surplus disposal through export refunds or consumption subsidies arise from supplies in excess of consumption needs. This plan would mean that approximately 10-20 million tons of milk quotas would be eligible for transfer among the member states. The tradeable portion of the milk quotas would tend to gravitate toward the most export-oriented countries, e.g., Denmark and the Netherlands.

A similar system in sugar might allow the trading of "B" quotas across borders. Under this option, the processing industries would be able to consolidate somewhat, concentrating their operations more in areas with the lowest production costs. Such a reduction in costs would allow the EC to be more competitive in world markets, meaning lower export subsidies.

4. Limited trading of quotas purchased by the Commission and either held in reserve (to reduce production) or auctioned to the highest bidder in the Community would be one way the EC, over time, could considerably rationalize production. The Commission would have a more-or-less permanent buyout scheme, paying the outgoing milk producer for the right to produce milk, and then auctioning off most or all of it to the highest bidder, regardless of the buyer's or seller's country. This program would ensure farmers the highest return on the sale of their assets (the quotas) and allow countries with the capability to expand production profitably to do so. If the Commission chose to withhold some portion of the transferred quotas, it would reduce rights to surplus production, thereby reducing dairy program costs.

The main differences between option 3 and option 4 are:

- that the notion of protecting national self-sufficiency is absent from option 4; and
- that the Commission would have the option to reduce quotas by not reselling its purchased quotas.

If the EC did not resell quotas, export subsidies would decline in terms of expense and quantities. If the EC purchased sufficient quotas, it could entirely eliminate export subsidies. However, this option would not reduce the gap between domestic EC prices and international prices.

Production Shifts Within the Community

If milk and sugar quotas were made tradeable, which areas would gain them and which would lose them? The answer depends on the extent to which farmers and processors could exploit their particular circumstances. For instance, one factor would be the relative costs of production across member countries.

The figures in table C-9, taken from Butault, et. al. for milk and from Erskine and Pugh for sugar, are indicative of relative costs of producing milk and sugar. It could be expected that the countries with the lowest costs—Ireland, Belgium, and France for milk and France, Belgium, or the Netherlands for sugar—would buy quotas from countries with higher production costs—Denmark, the United Kingdom, and Germany for milk or Italy and Spain for sugar. However, this is not enough evidence on which to base a judgement. Some producers may have no other viable alternatives. Also, some

Table C-9--Costs of production of milk and sugar beets in EC countries in 1983.

Country	Milk ECU/100kg	Sugar \$/cwt, raw
Germany	23.9	16
France	18.4	13
Belgium	15.3	15
Netherlands	22.3	15
Ireland	14.9	19
UK	23.9	17
Denmark	28.6	16
Spain	NA	22
Italy	NA	26

NA = not available

Source: Milk: Butault, et al, September 1988; Sugar: Erskine and Pugh, March 26, 1990.

countries (or companies) may have lower processing costs, greater skill or experience in marketing, or lie closer to ports or consumption centers that would compensate for higher production costs.

Other factors affecting the value of quotas from country to country would be the relative profitability of dairy or sugar beet farming compared to other farm enterprises. Still another factor would be the processing industries' structure in different areas of the EC, e.g., large firms could benefit from economies of size and scale over smaller ones.

Conclusion

Current prospects do not seem strong for significant change in the nationally based quota systems for milk and sugar, because the two normal sources of pressure for policy change—farm income and the EC budget—are not under pressure from quotas. There is no general clamor for change from farmers. Also, the EC budget for the milk and sugar regimes is not under severe pressure, as relatively strong world prices for these products have kept costs of surplus disposal under control. With 1990 international prices for dairy products much lower than in 1989, however, stocks and surplus disposal costs are mounting again.

However, there are forces that could bring change to the national milk and sugar production quotas. Not all of these arise from the Single Market program, but they are in accord with the general drive toward greater competition and a more efficient agricultural economy. If the current GATT Round results in an agreement to reduce subsidies, the EC may decide to make substantial changes in its sugar and dairy regimes. The change would not arise because of the

GATT outlawing production quotas—actually, the EC might get credit for controlling production—but because the EC might be forced to reduce import protection, which would encourage it to abandon production quotas to improve international competitiveness. Price competition from substitute products—e.g., lower-fat spreads replacing butter and low-calorie sweeteners replacing sugar—may press the Community to remove the quotas and lower price supports to increase efficiency and maintain consumption. The 1992 program itself may be the strongest force for making the quota systems less rigid, because the quotas inhibit competition among producing regions within the Community. Greater productive efficiency would reduce production costs, perhaps resulting in lower consumer costs and reduced export subsidy expenditures.

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EFTA, Europe 1992 and the GATT

by
Ruth K. Elleson

Abstract: The European Free Trade Association (EFTA) nations are seeking closer ties with the European Community (EC) before commencement of the EC's 1992 unified internal market. The European Economic Space negotiations, currently in progress, are EFTA's principal method of participating in Europe 1992. Full EC membership is not likely for most countries in the near future. With highly subsidized agriculture and costly surpluses, most EFTA countries have shown a willingness to consider reduced agricultural support and protection in accordance with the April 1989 goal of the General Agreement on Tariffs and Trade.

Keywords: EFTA, agriculture, European Community, 1992, GATT, agricultural protection.

Introduction

As the 12-member European Community moves to establish a single, barrier-free market by 1992, the six small but prosperous nations of EFTA—Austria, Finland, Iceland, Norway, Sweden and Switzerland—seek closer ties to the EC.

Formal EC-EFTA negotiations to establish an 18-country free-trade area began earlier this year. EFTA members hope this will lead to the creation of a European Economic Space (EES) with the free movement of goods, services, capital and people between the two regions.

The EES was first proposed in the Luxembourg Accord of 1984, when EC foreign ministers met jointly with their EFTA counterparts. The EC's preparation for its own free internal market by 1992, however, slowed the progress on the EES. Now, with pressure from the EFTA, the EC has agreed to begin intensive negotiations on an EES agreement to coincide with the beginning of the EC's internal market (*EFTA Bulletin*).

When the EES negotiations are complete, the remaining EC/EFTA tariffs and quotas on industrial commodities are likely to be further reduced. Also on the agenda for discussion are the harmonization of technical standards as well as the possibility of setting up a new supranational institution, such as a special court to settle disputes, and a forum to give the EFTA an opportunity to help shape some EC decisions. Joint decisionmaking with the EC, however, will be very difficult for the EFTA to achieve (*Agra Europe*).

The EFTA and EC Trade

The EFTA countries are closely integrated through trade with the European Community. In fact, EFTA-member states are as integrated through trade (industrial goods) as are EC-member states themselves. As a group, they constitute

the EC's largest trading partner, with the EFTA countries more dependent on the EC than the reverse.

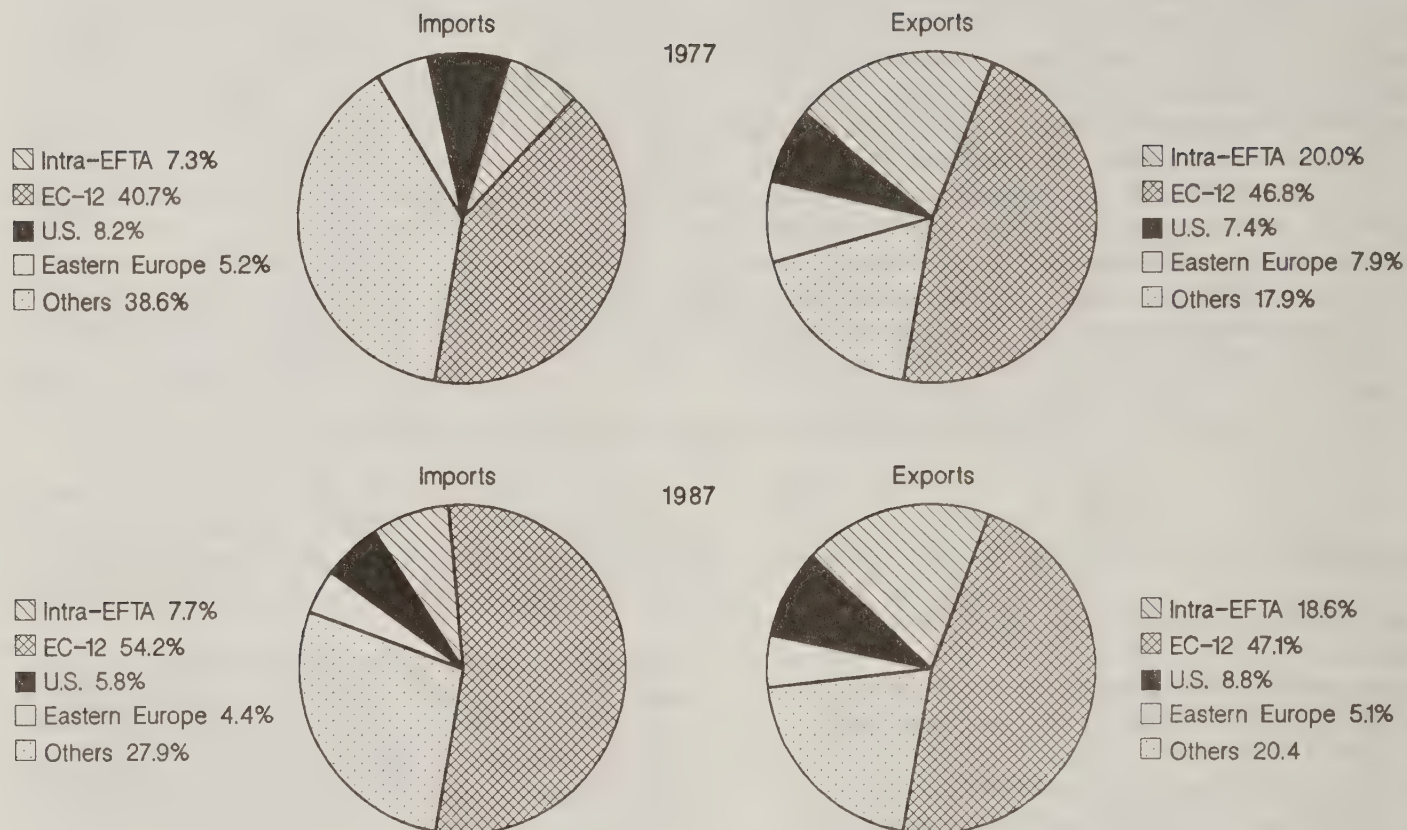
Trade dependency has made the EFTA countries strong supporters of free world trade. Each member country exports goods amounting to about one-quarter of gross domestic product, with imports slightly higher. Trade is concentrated in Western Europe—about 70 percent of exports and 75 percent of imports.

Among industrial countries, the EFTA countries have the lowest tariffs on industrial goods. Each member country has been willing to reduce its tariffs in exchange for global and regional market access. Their governments have participated actively in the GATT negotiating rounds. As a result, the EFTA countries' most-favored-nation (MFN) tariff rates on industrial goods are low, ranging from an average of 1.9 percent in Switzerland to an average of 5.7 percent in Austria. The average EFTA tariff of 3 percent on industrial goods is less than the EC average of 4 percent (Wijkman).

The EFTA and EC Agricultural Trade

In accordance with their free trade philosophy, the EFTA countries have achieved privileged trading status with the EC in industrial products. This status, however, has not been extended to most agricultural products. Because both regions have highly protected agricultural sectors, agricultural trade has been kept outside free trade arrangements. Each EFTA country maintains protective barriers against its EFTA partners as well as non-EFTA countries, including the EC.

Despite numerous trade barriers, the EFTA's most important trading partner in agricultural products is the EC. EFTA countries imported a total of \$11.8 billion in agricultural products in 1987, 54 percent from the EC. This compares with 41 percent imported from the EC-12 countries 10 years earlier. The EFTA's agricultural exports—about \$5 billion in 1987—are considerably smaller than its imports, with almost

EFTA Agricultural Trade

Source: United Nations.

half destined for the EC. EFTA's agricultural trade with the United States is under 10 percent for both imports and exports (figure D-1).

The protection of domestic unprocessed agricultural products is high for the EFTA countries and the EC. The protection of most processed agricultural products, however, is usually much lower. In both intra-EFTA and EFTA-EC trade, tariffs or quotas are not generally imposed on the "value added" portion of processed agricultural products, but instead variable fees are usually levied on the raw material content of imported processed products. The variable fee serves to equalize the price of foreign raw materials with the target price established for domestic production of the same goods. Similar compensation, export subsidies, is usually permitted upon export of these products to offset higher domestic raw material prices.

The purpose of these processed-food provisions is to ensure that agricultural "processing" activities compete on equal terms, despite unequal protection levels accorded primary production in different countries (Wijkman).

EC-EFTA agreements in agricultural policy and trade issues, therefore, have been limited to processed foods for which there are agreements regarding differences in raw material

prices. This trend is expected to continue during the upcoming negotiations as the EC and EFTA countries discuss liberalizing trade in such processed foods as confectionery products, canned fruit and vegetables, pasta, and sausages (Trecu).

The EFTA and Europe 1992

Project 1992 will be a tremendous challenge for all EFTA countries as they seek to participate as fully as possible in the EC's single market. Because full EC membership is not likely for most countries in the near future, they must negotiate a viable multilateral arrangement through the EFTA.

The EC's Project 1992 or "completion of the internal market" will eliminate a variety of restrictive border practices, and will create a unified market somewhat comparable to the U.S. market. EC members are expected to make substantial gains from the elimination of such measures as preferential procurement, deregulation of transportation and elimination of fiscal frontiers.

From the EFTA's point of view, unless an agreement with the EC is reached before 1992, the current free trade in industrial goods will be replaced by a situation in which EC nations will have better access to EC markets than EFTA nations.

Not only will internal EC trade take place more cheaply after 1992, but economies of scale will result in increased specialization and lower production costs within the Community. The EFTA will then have to compete for EC markets through lower production costs which is likely to worsen EFTA's terms of trade with the EC (Krugman).

The EFTA, therefore, must participate in the EC's move toward a unified internal market. The current EES negotiations are the EFTA's principal method of participating in Europe 1992. EES has far greater potential for maintaining and expanding trade than the earlier, bilateral free-trade agreements the EC formerly negotiated with individual EFTA countries. While EES has never been precisely defined, its open-ended character has the advantage of being a concept easily adaptable to new situations and requirements.

Despite limited EC-EFTA agreements on economic integration issues to date, two agreements have been finalized on customs procedures which simplify the procedure for products crossing the EC's external border. Also, EFTA countries are participating in several pan-European standards organizations. The Community is relying on international and European standards to help reduce technical barriers to trade, and the EFTA's participation will give it some influence over the standards adopted by the EC (*EFTA Bulletin*).

The EFTA's lack of legal authority to speak "as one voice" for its members in external policy matters will be a severe handicap during the 1990 negotiations. Should EFTA countries prefer to maintain their autonomy, they may be unable to reach a common agreement in such critical areas as external trade policy, indirect taxation, and agriculture. This would severely jeopardize the goal of an 18-country free-trade zone.

The EFTA and Eastern Europe

Recent events in Eastern Europe have given added importance to the European Economic Space. Many believe that closer EC-EFTA ties will enable Western Europe to act with greater unity in helping Eastern Europe move toward democracy and overcome economic problems. An EFTA-like association for these countries could make the Eastern Block nations a huge free-trade zone that could function according to Western economic rules (*The New York Times*).

Future EFTA-EC Relations

Some EFTA members may join the EC in the late 1990's, with Austria and Norway the most likely candidates. Last year, Austria applied for membership, and a recent Norwegian poll showed that a majority now favor EC membership. This is a sharp contrast to the bitter and divisive 1972 referendum where the majority rejected membership (*Norway Times*).

The EFTA-EC agreements reached to date have focused mainly on trade-related issues, the area in which the EFTA is most expert and cohesive. Reaching agreements on issues such as fiscal harmonization, financial liberalization, and the movement of labor may prove more difficult (*EFTA Bulletin*).

EFTA Agriculture: Structure and Policy

EFTA agriculture is characterized by small family farms. In 1987, average farm size in Finland was 13 hectares—larger than the 10-hectare average in 1975. The average Finnish farm, however, was considerably smaller than the 65.1-hectare average in the United Kingdom, the 28.6-hectare average in France and the 32.2-hectare average in Denmark, but larger than the 4.8-hectare average in Greece and the 5.6-hectare average in Italy. In Finland, average farm-size has increased as a result of small farms ceasing to produce, rather than growth in the number of large farms (Kettunen).

The total land area of the EFTA countries is 1,236,400 square kilometers (excluding Iceland), or almost 55% of the total land area of the EC-12 (table D-1). The size of EFTA's agricultural area, however, is only 10 percent of the EC-12's agricultural area. This results from the vast arctic regions in the Nordic countries, and the mountainous terrain in the Nordic and the Alpine countries. Despite the EFTA's smaller agricultural area, production of the basic agricultural commodities—cereals, meat and milk—is usually more than adequate to meet the needs of the region's small population. The EFTA's high per capita income, however, stimulates the demand for imports of high-value processed foodstuffs and horticultural products.

Traditional agricultural policy in EFTA countries has been to equalize farmers' incomes with those of the rest of society, and to maintain agriculture in the more remote areas. These goals have been accomplished by price support programs and high levels of import protection similar to the EC's Common Agricultural Policy (CAP).

The most important domestic measure in the EFTA countries is price support. Domestic producers receive—from either government agencies or co-operative marketing boards—a product price which is well above the market-clearing level. This intervention price represents the minimum return to farmers and, unless they are constrained by quotas, is a significant factor in determining the amount they produce.

Variable import levies and export restitutions, the cornerstone of the EC's CAP, are also used by EFTA countries, including Austria, Sweden, and Switzerland, to protect domestic policies at their borders. Import levies make up the difference between the price of imports delivered at the port and an officially fixed entry price. The entry price, known as the threshold price in the EC, represents the minimum price of imports to domestic users.

Table D-1--Basic agricultural data, EFTA countries and EC-12, 1988

Category	Unit of measure	Austria	Finland	Iceland	Norway	Sweden	Switzerland	EC-12
Population	Million	7.6	4.9	0.3	4.2	8.4	6.7	324.8
GDP per capita	U.S. \$	16,762	18,050	22,707	21,594 1/	18,843	NA	15,787
Agricultural GDP	Percent	3.2	5.5 1/	10.2	3.0	2.7 2/	3.6	3.2
Agricultural employment 3/	Percent	8.1	9.8	10.4	6.4	3.8	5.7	7.7
Agricultural area 1/	1,000 ha	3,498	2,524	NA	954	3,358	2,021	128,730
Agricultural imports 1/	Percent	5.7	5.5	NA	5.4	6.3	7.1	11.4
Agricultural exports 1/	Percent	3.4	2.2	NA	7.7	1.8	3.0	10.3
Food consumption expenditures 4/	Percent	22.1	22.9	22.2	25.4	21.8	26.9	21.0
Self-sufficiency ratio:								
Cereals	Percent	115	114	NA	78	122	52	119
Agricultural production: 1/								
Cereals	1,000 tons	4,870	2,183	NA	1,306	5,134	939	156,068
Meat	1,000 tons	729	377	NA	234	514	509	31,502
Whole Milk	1,000 tons	3,736	2,938	NA	2,015	3,461	3,790	118,158

NA = Not Available.

1/ 1987

2/ 1985

3/ Includes hunting, forestry and fishing.

4/ Food expenditures as percent of total consumer expenditures.

Source: Population and Employment, OECD Labor Force Statistics.

GDP per Capita, OECD Economic Surveys of individual countries, EC Commission.

Agricultural GDP and Food Consumption, OECD National Accounts Vol. 2, EC Commission

Foreign Trade, Agricultural Area, Eurostat Basic Statistics.

Self-Sufficiency ratio, USDA, ERS "World Agricultural Trends" and EC Commission.

Agricultural Production, OECD Statistics on the Member Countries.

Export restitutions (subsidies) are the exporter's equivalent of variable levies, as they permit domestic prices to be above world prices. Having introduced import levies to protect local farmers from cheap imports, EFTA governments often find themselves accumulating surpluses, as the high support level results in domestic production exceeding demand. Unable for political reasons to abandon price supports, governments are then forced to resort to export restitutions to dispose of their surpluses in foreign markets. (Wurtemberg).

Agricultural policy provides assistance to producers by means of transfers from taxpayers through government budgets, and from consumers through higher prices for agricultural commodities. In order to understand better the nature and extent of the monetary transfers induced by agricultural policy, the Organization for Economic Co-operation and Development (OECD) has utilized the concepts of the producer subsidy equivalent (PSE) and consumer subsidy equivalents (CSE).

The PSE measures aggregate assistance to producers before deduction of farm feed adjustment, and the PSE percentage measures the rate of assistance to producers. A comparison of PSE percentages for the EFTA and the EC-12 reveals higher support levels in the EFTA countries (table D-2).

Protection levels, however, differ according to commodity. During 1984-86—the latest period for which PSEs were available for individual commodities—pork received much greater protection in Sweden, Finland, and Austria than in the EC, but for some commodities, EC levels were higher (table D-3).

The generous price subsidies paid to farmers in EFTA countries have led to chronic surpluses of some basic commodities, especially in Austria, Finland and Sweden. Austria's farmers now produce more food than the country's popula-

Table D-2--Producer Subsidy Equivalents, all products

	1979-85 1/	1986	1987	1988 E	1989 P
	-----Percent-----				
EC-12	35	50	48	43	38
Austria	29	49	51	49	44
Finland	57	68	73	74	72
Norway	71	76	76	76	74
Sweden	42	60	58	52	47
Switzerland	67	80	82	80	75

1/ EC-10 for 1979-85.

E: Estimate, P: Provisional.

Source: OECD, Agricultural Policies, Markets and Trade.

Table D-3--Producer Subsidy Equivalents 1984-86 average

Commodity	EC-10	Sweden	Finland	Austria
	-----Percent-----			
Wheat	39.0	30.0	62.3	37.7
Coarse Grains	43.3	26.7	69.0	37.3
Rice	68.0	--	--	--
Soybeans	51.7	--	--	--
Sugar	74.0	63.7	84.3	63.0
Milk	63.3	67.3	72.0	61.0
Beef and Veal	51.7	47.7	65.0	53.3
Pork	6.0	21.0	45.7	20.0
Poultry	19.3	56.7	53.7	10.7
All Products	42.7	44.0	65.7	40.7

Source: OECD, Agricultural Policies, Markets and Trade.

Table D-4--Austrian food self-sufficiency

Commodity	1971/72 to 1973/74	1986/87	1987/88
-----Percent-----			
Total cereals	97	119	122
Wheat	97	155	178
Potatoes	100	98	99
Vegetables	87	76	77
Fresh fruit	63	62	54
Vegetable oils	4	10	30
Cheese	166	148	150
Butter	107	111	95
Total meat	95	109	107
Beef	111	150	142
Pork	92	100	100
Poultry	80	85	85
Total	82	104	107

Source: Agra Europe, April 7, 1989.

tion can consume. The Austrian food balance for 1987/88 showed that the level of food self-sufficiency increased by 3 percentage points over the previous year to 107 percent (table D-4). At the beginning of the 1970's, the self-sufficiency rate was only 82 percent. Austria's surplus of cereals, especially wheat, as well as cheese and beef surpluses have been particularly troublesome, requiring expensive export subsidies for their disposal.

EFTA Agricultural Policy and the GATT

The EFTA ministers have confirmed their support for the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) scheduled to conclude this December. The negotiating parties of the GATT agreed in April 1989 on the goal of "substantial progressive reductions in agricultural support and projection...resulting in correcting and preventing restrictions and distortions in world agricultural markets." The specific method to be used in reaching this goal, however, has yet to be determined (Deaton, et. al.; *EFTA Bulletin*).

Since the April 1989 meetings, the GATT participants have submitted proposals on such critical areas as import access, export competition and internal support. EFTA proposals point up some differences in philosophy among members. The Nordic countries—Sweden, Finland and Norway—show a willingness to reduce domestic support and work toward eliminating most export subsidies; Austria and Switzerland instead stress food security and other noncommercial objectives (Deaton).

GATT proposals on reduction of trade distorting measures are currently causing acrimonious debates in many EFTA countries. As governments reexamine their traditional agricultural policies, farmers and farm organizations fear the consequences of a radical departure from the past policy of heavy protection.

Despite opposition, policy changes conforming to the GATT goal on agriculture are being discussed in most EFTA countries. The effect on farmers is not certain because the GATT goal leaves much to the interpretation of individual governments, and a final agreement will not be reached until December 1990 (*Agra Europe*).

Austria

The Austrian Government, as well as agricultural groups within the country, have expressed reservations regarding trade liberalization as stipulated in the Uruguay Round. Austria uses high agricultural prices to help maintain farm income, and it is widely believed that trade liberalization and falling prices will mean an end to the traditional, small Austrian family farm. Nevertheless, Austrian officials are looking into decoupled payments and other alternative measures for supporting agriculture.

Austrian farm policy has always placed heavy emphasis on maintaining the many small mountain farms which make up a large segment of the rural economy, as well as protecting the fragile Alpine eco-system. This policy, however, has led to costly surplus disposal problems that still persist. Live-stock surpluses are mainly in breeder and slaughter cattle produced in the Alpine regions where few production alternatives are possible. Because Austria believes that agriculture must be preserved in these regions, cattle surpluses will likely continue (FAS, *Austria*).

Finland

The Finnish Government has decided to introduce decoupled support to keep farm-family income in line with industrial workers. Other measures to cope with surplus production have been in use for several years.

In a new 5-year Farm Income Act, effective January 1, 1990, Finnish farmers will continue to be compensated annually for increased costs, but this year only 35 percent of the compensation will be in the form of higher target prices, while 45 percent will be in the form of decoupled support per hectare of cultivated land and per lactating cow. The balance will cover agriculture's share of costs for reducing agricultural production.

The new Farm Income Act is not expected to have a major impact on production in 1990. In future years, however, Finland's production of basic agricultural products will most certainly be reduced, along with exportable surpluses and export subsidies. Decoupling will also help to slow the rise in retail food prices, the subject of much public criticism in recent years (FAS, *Finland*; U.S. Dept. of State).

Norway

In 1989, agricultural problems were discussed more frequently in Norway than ever before. There are two reasons

for this—the possibility of new rules for trading agricultural products resulting from the Uruguay Round of the GATT, and the GATT's June 1989 decision against Norway on import regulations for apples and pears.

The GATT panel decision issued in June 1989 required Norway to bring its import measures for apples and pears into GATT compliance. The United States appealed to the GATT in 1988 against Norway's seasonal import ban on these fruits. As a first step, Norway agreed to somewhat earlier opening dates in 1989.

In 1990, Norway instituted a new program for apples and pears that contained both a domestic supply management system and seasonal quantitative restrictions. The United States questions whether this regime is consistent with Norway's GATT obligations.

The GATT ruling was considered by some agricultural groups in Norway to be a serious challenge to their traditional protectionist agricultural policy, in operation since the 1930's. In general, imports of agricultural products are determined by the domestic supply situation. Embargoes are placed on imports of agricultural products which are produced in the country, except when domestic supplies are inadequate or domestic prices rise above negotiated limits. Licenses are then issued or an import calendar is established. Surpluses are exported with the help of subsidies.

While Norway indicates a willingness to adapt its import system to the outcome of the Uruguay Round, Norwegian farmers and their organizations have become more hesitant after losing the recent GATT dispute. The Centre Party, the voice of Norwegian farmers, is set against even the compromise of a customs union with the EC through EFTA. Adding to the confusion is Norway's current coalition government, inherently unstable on most issues (*Agra Europe*; FAS, Norway; U.S. Dept. of State).

Sweden

In Sweden, an important bill was submitted to the Parliament earlier this year disclosing the government's plans for a new food and agricultural policy. The new policy takes into consideration the April 1989 GATT goal of freezing agricultural supports, and includes proposals for deregulation of Swedish agriculture.

Expectations are for Sweden to gradually reduce its support for agriculture, while still providing some support for farm income. An important part of the bill, therefore, deals with the question of payments to farmers for increased production costs. According to the GATT goal, such payments should not stimulate production. Consequently, some form of decoupled payments, such as support by area and per head of livestock, is likely.

The new policy, scheduled to begin July 1, 1991, is meeting with heavy criticism from Swedish farm interests. Grain farmers, for example, feel the proposed 3-year adjustment period is too short in view of the expected grain price decline (FAS, Sweden; U.S. Dept of State).

Switzerland

Like Austria, Switzerland is concerned about liberalizing agricultural trade as stipulated in the GATT goal. Despite the need to support farming in Alpine and other difficult zones, the future direction of Swiss agricultural policy will likely be toward less reliance on the price mechanism for supporting farm income, and greater use of direct payments aimed at promoting ecological farming. This will permit Switzerland to respond, at least in a limited way, to the demands of agricultural exporting countries for trade liberalization (FAS, Switzerland).

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The Status of Europe's 1992 Program and Prospects for Agricultural Trade

by
David Kelch

Abstract: The European Community (EC) has made rapid progress this past year toward completion of full economic integration by January 1, 1993. The harmonization of sanitary, phytosanitary, and food safety rules that will affect agriculture has accelerated in spite of current disease outbreaks among animals. The EC's testing and certification process, rather than the standards themselves, is of growing concern to those that export to the EC. Developing countries are particularly concerned about their access to EC markets for both agricultural goods and development funds. German unification and the events in Eastern Europe have injected a sense of urgency into completion of the internal market and have prompted the convening of two extraordinary intergovernmental conferences on political and monetary union in December of this year.

Keywords: European Community, 1992, agriculture, harmonization, sanitary, phytosanitary, testing and certification, mutual recognition, trade, developing countries.

Introduction

The European Community (EC) made substantial progress in the past year on many fronts in its drive toward full economic integration. German unification has accelerated the technical work on the harmonization of standards required to eliminate internal EC borders by the end of 1992. German commitment to EC economic integration has accelerated other developments related to the 1992 process. The possibility of a single currency seems to be more inevitable during the 1990's than previously thought. The creation of a European Environmental Agency is imminent and should have a significant constraining effect on farming practices and production during the 1990's. Perhaps even more significant is the possibility of political union in the EC. It is more prominent than anyone thought possible 1 year ago and could occur far sooner than expected.

The 1992 program has created some cause for concern in the past year for exporters to the EC. An agreement in the GATT on agriculture may be a necessary condition for assuring that the EC 1992 program does not result in a greater degree of nontariff protection for EC food and agriculture production and trade (Kelch and Raney). The agrimonetary dilemma of the Common Agricultural Policy (CAP) may not be solved until exchange rates are fixed between member states. This means that, in the short term, CAP prices may continue to rise in national currencies because of the "green" rates of exchange for agriculture. In the longer term, the outcome may depend on German commitment to the EC's economic and monetary union in light of its recent unification. A single currency would likely result in truly common and lower CAP prices.

Some developing countries are alarmed about their ability to continue exporting to the EC under new EC-wide standards. Many developing countries are concerned that the EC will be more inward-looking because of the political and economic priority of the 1992 program. They fear that this might result in a reduction of the EC's private and public investment funds for development work in developing regions of the world (Ghosh).

Europe 1992 Creates Economic Dynamism

According to the EC Commission, the executive body of the EC, the EC's 1992 program has helped stimulate an increase in investment, employment, economic growth, and joint ventures. From 1988 to 1990, employment increased by 5 million, the EC economy grew at 3.5 percent, and investment grew at 6.5 percent—compared to negative employment growth and a stagnant economy in the first half of the decade (EC Commission).

The food and drink industry has had over 130 new joint ventures established across internal EC borders since 1988 (Ernst and Young). Such ventures indicate the expectations of the industry regarding the 1992 program. Internal EC trade is expected to increase substantially in the food and drink sector as nontariff barriers and physical borders disappear. The French are expected to realize significant economic benefits in the food-processing sector because of the availability of agricultural raw materials, France's geographical location in the EC, and the reputation for quality food products.

The U.S. Department of Commerce reported that 8 of the top 10 food processors in the EC were U.S.-based multinational

corporations in 1988 (U.S. International Trade Commission). Total sales in 1987 of the eight corporations in the EC amounted to \$28 billion. U.S. direct investment in food products was \$7.4 billion in 1988. The U.S.-based multinationals expect to benefit from the harmonization process because they are already well positioned as pan-European food companies in the EC. U.S. food exports to the EC only amounted to \$600 million in 1988 (U.S. Department of Commerce, Vol. 2).

Harmonization of Rules and Regulations Affecting Food and Agriculture

Nearly all of the 102 directives of the 1992 program that affect food and agriculture in the EC have been proposed by the EC Commission. Based on analyses by U.S. Government agencies and U.S. industry, it does not appear at this time that the creation of EC-wide standards represents a pattern of protectionist policies that will result in a "fortress Europe," although constant monitoring is urged (U.S. Department of Commerce, Vol. 2, and, International Trade Commission, 1990).

The major reason that standards are not likely to impede imports significantly is because the EC is composed of member states with varying climates and populations with different requirements for the protection of plants and animals. EC standards which are too strict and are unwarranted on scientific grounds would jeopardize production in some member states. For example, overly strict EC rules on pesticide residues would constrain farmers in the southern-tier countries because warm climates require heavier use of pesticides for adequate protection.

The EC committed itself to a process for settling disputes on sanitary and phytosanitary conflicts in the GATT negotiations in the 1989 midterm agreement. A GATT Agreement would go a long way toward ensuring that the EC take its trading partners into account when setting standards. The EC does first consider the international standards set in the Codex Alimentarius, a subsidiary of the Food and Agricultural Organization (FAO) of the United Nations, before adopting its own standards.

The potential for trade conflicts resulting from the EC harmonization program is more likely to surface in testing and certification procedures, in the development of "positive" lists of ingredients allowed to be used in a product (and prohibiting those not listed), and the establishment of new requirements. Already, there are some problematic directives that will merit close monitoring. Some of these will be addressed later in the article.

Mutual Recognition of Standards

According to an official EC Directive, the EC intends to harmonize only in areas where there is genuine concern for pub-

lic health, consumer safety, fairness of commercial transactions, and environmental protection (Commission of the European Communities, June, 1989). The harmonization process is driven by the principle of mutual recognition which means that national standards will be recognized as legal in the absence of EC-wide rules. Any good legally produced in the EC will then have access to all internal EC markets. It is not yet clear whether mutual recognition will be the guiding principle for EC imports.

Mutual recognition is expected to be a compelling reason for adoption of EC-wide standards. The principle allows Germany to export 6-percent juice concentrate to Italy which requires 12 percent from its producers. Many EC producers are concerned that domestic production will be threatened by neighboring countries with more lax production standards. Countries such as France are particularly concerned that food quality will be at risk.

Major Progress on Directives

The EC has made very considerable progress on harmonization of plant and animal health regulations; virtually all have now been proposed. This is particularly significant because they are among the most difficult directives of the 1992 program. Perhaps the most important development was an agreement to test and certify at points where consumption and production occur. This eliminates the need for border checks. However, testing and certification of live animals remain particularly difficult in light of recent outbreaks of Classical Swine Fever in Belgium, "mad cow" disease in the UK. (see "Commodity Market Highlights and Policy Developments - Beef, Pork and Poultry").

In spite of these outbreaks of animal diseases in the EC, an agreement in principle was reached this past winter to set up regional borders instead of national ones to control animal disease outbreaks. EC member states have also agreed to rely on either eradication or vaccination programs to control the spread of animal diseases. The type of program selected will depend on the disease and will be used by all 12 member states. Agreement on these two principles will allow the EC to meet its 1993 deadline for elimination of national borders.

Directives have also been proposed on nutrition labeling, organic food labeling, labeling of post-harvest pesticide treatment, the release of genetically engineered micro-organisms, as well as 19 recently proposed directives on veterinary medicine. Thirty-two directives regarding the processing and packaging of food were proposed in 1989. While nearly all of the directives related to food and agriculture have been proposed, their analysis is difficult because some are vaguely worded and subject to interpretation. The implications of many of the directives will not be known until they are implemented. It is especially difficult to determine the effect on imports because that issue is not addressed in the di-

rectives. It does seem clear that some of the directives will be tested in courts of law.

The EC could adopt international standards such as those already set by the Codex Alimentarius. The EC is faced with the enormous task of harmonizing thousands of technically complex standards in a short period of time. Codex standards are set at relatively strict levels which should be acceptable to EC members with the most stringent standards (conversations with Codex officials). Perhaps as important is the fact that international standards are immediately available. This would save the EC much time and expenditure as well as conflicts with trading partners.

Potential Problem Areas: Testing and Certification and Positive Lists

Food exporters to the EC may find the most problematic area to be the EC's acceptance criteria for non-EC testing and certification procedures for the safety and quality of food products (United States Trade Representative). If exporters' sampling procedures and testing methods are not acceptable, they may be forced to subcontract with EC laboratories at what may be substantial additional cost. These costs may be prohibitive to small and medium-sized firms with a limited EC market.

As mentioned above, development of "positive" lists is another potential problem for U.S. exporters (U.S. International Trade Commission). For example, the EC is planning to use a positive list approach for food additives which means that any additive not included on the list will be prohibited. The United States believes that the positive list approach can prohibit the use of food additives in the EC that have been approved for use in the U.S. The EC's lists are not developed in an open and transparent manner in which U.S. interests can be represented, and there are no channels for non-EC suppliers to petition for inclusion on the list.

The positive list approach will also be used for approved materials and articles that come in contact with food and ingredients in infant formulas and follow-up milk. The EC's positive list for infant formula excludes ingredients already approved in the U.S., and, while the U.S. does not export infant formula to the EC, it does represent a divergence from agreement on what can be included in a product.

Other directives which are more specific to products or processes may present problems for U.S. exporters. These include quick-frozen foodstuffs, modified starches, and American blended whiskeys—to mention a few. Following are brief synopses of these potential problem areas:

Quick-frozen food—The EC proposal is specific on the temperature and the time required to reach that temperature as

well as the specific labelling of the product's shelf-life. The U.S. industry points out that ultra-rapid freezing is inappropriate for some foods and that shelf-life requirements are unnecessary for some foods. The U.S. industry points out that the EC requirements do not add to product safety or quality and differ substantially from the Codex Alimentarius codes. The EC imports around \$40 million in frozen food from the U.S.

Modified starches—The U.S. and EC standards for modified starches diverge substantially. This may put U.S. exports of corn starches and other similar items to the EC at risk. U.S. exports to the EC were valued at \$7 million in 1988. Processed food exports to the EC that contain any amount of modified starches would have to be labelled—specifying the quantity, the scientific name, and designated "for human consumption".

American blended whiskeys—Definitions of spirituous beverages and aromatized wines in the EC will not allow American blended whisky to be labelled whisky if it has not been aged for at least 3 years. In addition, the regulation omits the mention of bourbon whisky as a distinctive product of the United States. The United States shipped 4,600 liters of bourbon to the EC in 1987 and 40,600 liters in 1988 (U.S. Department of Commerce, Vols. 1-3).

There are other directives at varying stages of development which will require monitoring as they go through the EC's legislative process. The issues that these directives raise involve the following: feed ingredient labeling, pesticide-residue tolerances and labeling, organic farming, poultry standards, meat standards, food labeling, and bull semen imports.

Harmonization Progress in Food and Agriculture-Related Sectors

Directives for agricultural services sectors have also been passed in the last year which should have a combined effect of lowering farm and food costs. Principal among these are the directive establishing freedom of capital movement by July 1, 1990, and the phasing in of a transportation directive. It has been estimated that liberalization of the EC trucking industry could result in savings of 30-40 percent in transportation costs in intra-EC trade (Taucher).

Attempts to harmonize value-added taxes (VAT) and excise taxes will be delayed until 1991 because of the highly controversial nature of the topic. It has already proven to be impossible to agree on a corporate tax system across the EC, but after 20 years of efforts, agreement was finally reached to approximate corporate taxes in early 1991. The likely prospect is that sales and excise taxes will be approximated as well, with a view to minimizing economic distortions.

EC 1992 Focuses on Environmental Concerns

The EC 1992 program has three environmental clauses in the Single European Act. All three are directed at agriculture and form a base for future legislation and development of regulatory institutions. The EC is developing a European Environment Agency which will play an important role in regulating intensive agricultural production. EC environmental concerns will eventually lead to legislation that will apply to all member states (Gardner).

Some analysts suggest that EC agricultural production could fall from current levels in the future because of environmental legislation (Gardner). For example, application of the EC's nitrate directive has the potential to restrict nitrogen use sufficiently to cut spring barley production by 50 percent because of the decline in yields.

EC Political Union

Events in Eastern Europe and unification of Germany have hastened the need to complete the internal EC market. EC political union, as well as monetary union, are being officially discussed much sooner than anyone imagined. Important intergovernmental conferences on monetary and political union are scheduled for December 1990.

The EC political union will likely consist of a common foreign policy, a common currency, and a common defense. Other government functions would remain under the control of the government of each member state. The fact that efforts to accomplish a political union have been moved substantially forward on the EC's agenda emphasizes that the completion of the internal market is a foregone conclusion.

The intergovernmental conference on monetary union in December should provide some indication of the possibility of such a union and a timetable for its implementation. A monetary union is a necessary condition for full economic integration among the EC member states. Without a monetary union, exchange-rate transaction costs constitute a barrier to trade. The establishment of a monetary union either through permanently fixed exchange rates or a single currency would lead to the elimination of the agrimonetary system and likely result in truly common, and lower, EC farm support prices.

The drive to a common foreign policy was part of the thrust of the Single European Act of 1987 and the drive for a common currency would be the final step in truly integrating the EC. A common defense policy is likely to result from European security issues as the role of NATO evolves.

Developing Countries' Concerns Surface

Agricultural exporters from Latin America, the Caribbean Basin, and Africa are concerned about the effects of the harmonization program on their ability to continue exporting to

the EC. Developing countries in general and sub-Saharan African countries in particular are concerned about the future availability of funds for Official Development Assistance (ODA) and foreign direct investment (Ghosh).

Caribbean Basin countries are quite concerned about continued exports of about 100,000 tons of bananas to the United Kingdom under preferential treatment. When borders between EC countries are dropped for intra-EC trade, current arrangements will have to be revised because the previously used border checks will not exist to prevent bananas from entering other EC member states. France is particularly concerned about its banana-producing territories overseas. The Caribbean countries believe they will lose the EC banana trade because they are not competitive with other banana exporters (World Bank). A diversion of the EC trade to the U.S. market would seem to be a likely prospect because of geographical proximity.

Latin American exporters are concerned that EC-wide standards will be too strict for them to comply. Even if the standards are not too strict, they are still concerned about whether the EC will accept their testing and certification results. These concerns come at a time that the extension of the EC's common external trade policy to Spain and Portugal will nullify the preferential treatment granted to Latin American countries by these two countries (Ghosh).

Many developing countries have voiced concerns about the availability of public and private EC investment funds in the short term. They are concerned that Official Development Assistance (ODA) funds which amounted to over \$20 billion in 1988 (nearly the majority share of total ODA), will be diverted to Eastern Europe through the European Investment Bank or into EC structural funds. Sub-Saharan Africa receives over two-thirds of its ODA funds from the EC (OECD).

The EC has also accounted for 40 percent of foreign direct investment to developing countries. These countries are concerned that this investment may now be redirected to Eastern Europe, or to EC countries that expect to benefit from investments in other member states as a result of the 1992 liberalization of capital flows (on July 1 of this year). Latin America, a major recipient of investment from Spain, expects Spanish funds to be redirected to the EC because of the opportunities brought about by the 1992 program.

Theoretical Effects for U.S. Trade

It is too early to determine the ultimate effects of the 1992 program on EC agriculture and world trade because the EC program is still incomplete and because many of the potential effects for agriculture are indirect. However, the direct effects will occur in the food processing industry and it appears that U.S. companies in the EC will prosper.

U.S. processed-food exports to the EC should also benefit. Harmonization of standards within the EC would allow exporters to the EC to reduce costs because they would have to meet only one set of technical standards as opposed to many. This potentially positive result will depend on the ability of U.S. exporters to meet EC standards and satisfy EC testing and certification requirements. The other third countries will also have to meet the new standards and many developing countries are concerned about their ability to do so. If they cannot, a diversion of trade to other markets could occur and the U.S. market could be the final destination for these exports.

EC food processors expect to benefit by lowering unit-cost production because of a larger market. EC multinational food companies should then be more competitive in the international food market and could displace U.S. exports in some markets.

Prominent among the indirect effects of the 1992 program is the elimination of the agrimonetary system. While this would result in CAP price increases in the short term, lower CAP prices would be likely in the long term and would likely shift some production to France—which has a comparative advantage in EC grain production—and away from high-cost producers in other member states such as West Germany. France could then recapture its European market and rely less on CAP subsidies to "dump" its grains onto the world market in order to earn much needed foreign exchange. U.S. wheat and corn sales to third countries should increase as a consequence.

Other indirect effects would result from the revitalization of the EC economy. The 1992 program is expected to create an additional 5 million jobs which could help ease marginal farmers out of farming and provide more income for part-time farmers. Consolidation of land, as older farmers leave farming and younger ones seek employment in a revitalized EC economy, would also help alleviate the farm income problem. Farm incomes should also be enhanced by a more competitive input industry, as well as a more efficient transportation industry. A more efficient EC agriculture should result, better able to withstand lower prices and to farm more extensively in order to comply with anticipated environmental constraints.

A successful 1992 program would also dilute the political power of the EC farming lobby that has always pointed to the CAP as the only example of economic integration with a common policy. The ability of farming interests to appeal to EC unity as a means of justifying high CAP prices would also be jeopardized.

The macroeconomic effects would include a redistribution of income which would essentially transfer income to disadvantaged areas through the allocation of structural EC funds.

These funds are budgeted to double and reach \$15 billion by 1993. Investment in low-wage areas should add to the income redistribution effect. Higher incomes in traditionally low-income areas would likely result in increased consumption of meat. More meat consumption should translate into increased demand for feeds and oilseeds.

Conclusions

Events in Eastern Europe, particularly German unification, have accelerated the prospects for deeper economic integration in the EC. This is reflected by the earlier-than-expected intergovernmental conference on political union, in addition to the one on monetary union at the end of this year. The results of these two conferences will signal how fast and how deep EC economic integration will progress in 1991 and beyond. At this point, the EC seems poised to meet its January 1, 1993, deadline on most of the goals it set in February of 1988—the elimination of all internal-EC barriers to the free movement of people, goods, services, and capital.

Major progress was made this past year in the harmonization of sanitary and phytosanitary rules, particularly in the difficult area of movement of live animals and veterinary regulations.

This progress was particularly meaningful considering the outbreaks of animal diseases this past year. The harmonization process seems to be on schedule although some of the directives are likely to be contested in the courts. It is still unclear what the implications for imports are, as the EC's approach does not address imports specifically. A GATT Agreement on sanitary and phytosanitary rules would be an important development to keep the 1992 program on an international track.

The harmonization program will likely present some difficulties for exporters to the EC because some EC directives will prohibit some practices or products. There are also questions regarding the testing and certification procedures as well as the development of positive lists which may prohibit the use of some ingredients currently in use. Developing countries are particularly concerned about the ability to meet strict new product standards and EC-wide testing and certification procedures. When EC borders are lifted, exporters to the EC should only have to face one set of standards instead of twelve, but they will be faced with a more competitive EC, internally and in the world.

The overall theoretical effect of EC 1992 on world trade of agricultural products is positive. Harmonization of environmental rules across the EC will constrain production growth. The macroeconomic and agrimonetary effects within the EC should result in lower producer and consumer prices and increased food consumption in the long run. The sum of these effects could well be agricultural production which grows

more slowly than consumption, resulting in fewer EC exports onto the world market.

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Agricultural Trade Negotiations Approach Their Conclusion

by
Mary Anne Normile

Abstract: The Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT) is scheduled to conclude in December 1990. The negotiations have been plagued by disagreement over how to liberalize trade in agricultural products. The United States and the European Community (EC) have been at the center of the debate over agricultural reform. Negotiating proposals submitted by the United States and the EC revealed fundamental differences in objectives and approach. Serious differences between their positions remain that could jeopardize an agreement. Failure to reach an agreement on agriculture could threaten the success of the entire Round.

Keywords: Uruguay Round, European Community, agriculture, multilateral trade negotiations, GATT, trade liberalization, tariffication, rebalancing.

Agricultural Negotiations Go Down to the Wire

The Uruguay Round of multilateral trade negotiations is scheduled to conclude in December 1990. Much remains to be done in the few remaining months if the participants are to reach a substantive agreement. The negotiations on agriculture have been difficult, and many contentious issues remain unresolved. Compromise agreements have rescued the negotiations from the brink of failure, but have also postponed resolution of the most contentious issues. Serious differences remain in the positions of the principal negotiating countries with only months left to go.

Yet an agreement on agriculture is critical to a successful outcome of the Round. The Cairns Group (consisting of 14 agricultural exporting countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, Philippines, Thailand, and Uruguay), a coalition of agricultural exporting countries, recently reiterated their determination that the Uruguay Round "cannot and will not conclude ... without a substantial outcome on agriculture" (*Press Communique*). Several developing countries have also stated that they will not agree to a final package that fails to include significant liberalization of trade in textiles and agriculture.

A successful conclusion to the negotiations on agriculture rests on reaching an agreement between the United States and the EC, the two largest producers and traders of agricultural products. Their positions differ as to how to reduce support, how to liberalize import access, whether rebalancing of support should be permitted, and whether export subsidies should be subjected to separate and stricter disciplines.

Proposals Reveal Differences

Negotiating proposals for long-term commitments on agricultural support reduction were submitted in late 1989. As agreed in the April 1989 midterm review, these country

plans offered detailed proposals on specific elements of support and protection, namely import access, internal support, export competition (subsidies), sanitary and phytosanitary measures, and special and differential treatment of developing countries.

Country plans were also to address related issues, including use of an AMS, tariffication, and GATT rules. Proposals were submitted by the United States, the European Community, the Cairns Group, Japan, South Korea, Brazil and Colombia, the Nordic Countries (Finland, Iceland, Norway, and Sweden), Switzerland, and Austria (Deaton, et. al.). (See box for key elements of the U.S. and EC proposals.) Although participants agreed in April on the objectives of the talks, the detailed proposals revealed persistent differences in negotiating positions. Elements of the EC proposal are discussed in detail in the following section.

Global vs. specific approach—A fundamental difference between the U.S. and the EC's negotiating proposals is that the United States favors a specific approach and the EC favors a "global" approach. The United States favors commitments on specific policies—agreements that would place restrictions on the type of policies that countries may use to support farmers and the amount of support provided by individual policy instruments.

The EC's global approach would lump the value of support provided by all policies in a single measure—the Support Measurement Unit (SMU)—and negotiate reductions in the SMU. The United States proposes an accelerated schedule for eliminating export subsidies, while the EC rejects specific treatment for export subsidies. The United States would liberalize import access through tariffication—converting nontariff import barriers to tariff equivalents—followed by reductions in tariff equivalents. The EC's preferred method for support reduction would reduce border protection as part of reductions in overall support. The EC

has also offered to implement a limited form of tariffication in exchange for rebalancing of protection among commodities.

Tariffication—The tariffication concept was proposed by the United States as part of its comprehensive plan to liberalize import access. The tariffication proposal would convert all nontariff import barriers—quotas, import restrictions or prohibitions, variable levies, voluntary restraint agreements, restrictive import licensing practices, and minimum import prices—to tariff equivalents. The tariff equivalent of a nontariff import barrier may be calculated based on the difference between the internal market price and the world price of a product (U.S. International Trade Commission). Using this price gap, a tariff equivalent can be calculated on an *ad valorem* basis (as a percentage of the world price) or as a specific, or unit, tariff (in national currencies per ton). The U.S. proposes converting all nontariff barriers to tariff equivalents, then negotiating reductions in the tariff equivalents. The U.S. proposal would also allow a tariff-rate quota as a transition mechanism (Deaton, et. al.).

In its proposal, the EC offered to include some elements of tariffication in the rules of external protection on the condition that rebalancing be accommodated through tariffication (GATT, Comprehensive Community Proposal). The EC's tariff equivalent would be composed of two parts: a fixed component and a "corrective factor". The fixed component would be expressed in value terms (dollars or ECU) and would be reduced at a rate similar to the negotiated reductions to the SMU. The corrective factor would change in

size to fully offset changes in exchange rates, and partially offset world market price movements. Deficiency payments would similarly be converted into tariffs.

The EC's tariffication method would retain much of the protective effect of the current variable levy mechanism, because the corrective factor would change in magnitude in response to changes in world market prices. If the offset is less than 100 percent, i.e. some market price fluctuation is tolerated, the new levy will allow some, but not full, transmission of world price changes and would continue to provide at least partial insulation from world market forces.

The size of the resultant tariff equivalent—and the effect on market access—would depend on parameters to be negotiated: the relative sizes of the fixed component and corrective factor of the revised import levy, the limits beyond which currency and market price fluctuations would trigger an increase in the corrective factor, and the magnitude of negotiated support reductions. It will also depend on non-negotiable factors, such as the size and direction of world price and exchange rate fluctuations.

Rebalancing—The Community has made "rebalancing" a key objective in the negotiations on agriculture, and a precondition for acceptance of any tariffication scheme, including their own. Current EC import arrangements provide for a high level of protection for some products and a low, or zero, level of protection for some competing products. The Community is concerned principally over the effects of the differences in protection on grains relative to nongrain feed

Key Elements of Initial U.S. and EC proposals for Long-Term Reform

United States

Convert all border measures into tariffs; negotiate substantial reductions to tariffs.

Eliminate all export subsidies over 5 years.

Classify domestic support policies as permissible, disciplined, or prohibited according to their trade-distorting effect; negotiate phased elimination of the most trade-distorting policies.

Impose new GATT disciplines on less distorting policies.

Use an AMS to measure compliance with disciplines on less distorting policies.

Base sanitary and phytosanitary restrictions on "sound science" as determined by a recognized international organization.

European Community

Use an AMS to negotiate and implement support reductions. Include in the AMS all measures affecting production decisions.

Develop a means to account for the beneficial effects of supply control measures.

Target commodities most in imbalance.

Accompany reduction in support by "international arrangements," such as agreements among countries to manage stocks.

Permit price stabilization mechanisms to avoid effects on production of price volatility.

Consider a limited form of tariffication on the condition that participants be allowed to rebalance support and protection.

ingredients, oilseeds, and oilseed meals. Grain imports are protected through the variable levy mechanism, which helps to maintain high grain prices on the EC internal market. Oilseeds and oilseed meals enter the Community duty free as the result of the zero-tariff binding, negotiated during the Dillon Round (1960-61) of trade negotiations. Nongrain feed ingredients, including manioc, sweet potatoes, corn gluten feed, wheat bran, and citrus pulp, are also imported into the Community with zero or low import duties (Schmidt and Gardiner).

Large differences in protection for grains, as against their substitutes, have resulted in a distortion in relative prices of these products that encourages use of imported nongrain feeds in livestock rations at the expense of domestically produced grains. As a consequence, EC imports of nongrain feeds have risen, while the problem of disposing of surplus grain has grown. High grain prices have also made oilseed meals more attractive to feed compounders.

The EC attributes this distortion to weak import restrictions on nongrain feeds and oilseeds, rather than to the high cost of domestic grain that results from high support levels. The Community also claims that low prices for certain animal feeds have encouraged animal production, resulting in excess production, accumulation of surpluses, high export levels, and the resultant destabilization of world markets. Their solution would be to raise import barriers on oilseeds, meal, and nongrain feeds. Bound tariffs would have to be renegotiated, and the EC has proposed to offer lower protection on grains for higher protection on their substitutes, i.e. rebalanced protection.

Differential protection levels also put pressure on the EC budget. Rebalancing would cut costs of grain support, as well as the increasingly expensive oilseeds regime. Reducing grain protection would lower the internal grain price, reducing per-unit outlays for grain export refunds. Costs of surplus disposal would fall further as domestic use of grains increased in response to lower grain prices. Increased protection on nongrain feeds and oilseed meal would raise the internal EC price of these products, giving a further boost to domestic grain use as grain substitutes became more expensive. Tariff protection on oilseeds would reduce the difference between the high support price for domestic oilseeds and the price of imported oilseeds on the EC market, reducing the per-unit crushing subsidy.

Rebalancing protection would enable the Community to raise import barriers on some products, while reducing them in other areas. After multilateral reductions, support and protection would be lower for many commodities, but higher for others (EC Submission). The EC claims that support could be rebalanced in this way and global protection would be reduced.

The United States has voiced strong opposition to the EC's rebalancing proposal, stating that the purpose of trade negotiations is to reduce protection, not increase it. Converting support from direct payments to tariff equivalents would, moreover, seriously impair market access for oilseeds and nongrain feeds. The EC is the largest export market for U.S. oilseeds and products. Oilseeds and products—consisting mostly of soybeans and soybean meal—accounted for, on average, 38 percent of the value of all agricultural exports to the EC from 1986 to 1988. Imposition of a tariff would further erode U.S. soybean and soybean meal exports, which have already suffered due to the supply-increasing effect of EC oilseed subsidies and the loss of market share to South American producers.

Export subsidies—Under the EC's proposal, export subsidies would decline as overall support levels were cut. A reduction in the internal support price would lower the difference between the internal and world price, reducing the per-unit export subsidy. As producers reduced supply and domestic use rose in response to a lower internal price, the exportable surplus would also decline. If the EC's proposed tariffication were adopted on import barriers, the EC would apply the same arrangement to exports, with the weak restriction that the amount of the export subsidy not exceed the value of the import levy. As unit export subsidies are substantially less than import levies, this restriction would not be binding. If the restriction were based on total value, i.e. export subsidies cannot exceed the revenue from import levies, it would more severely restrict the EC's ability to subsidize exports. The total amount spent by the EC on export subsidies far exceeds the revenue from import levies because of the volumes involved—export volumes are much larger than imports of commodities subject to import levies.

GATT Article XI—The U.S. proposal would eliminate GATT Article XI: 2(c). This article lays out the conditions under which exceptions to the general prohibition on quantitative restrictions on imports and exports are permissible for agricultural products. One condition is that the import restriction must be necessary to enforce a domestic supply restriction. Specific conditions restrict when, and on what products, import restrictions may be applied.

The EC's proposal would retain the ability to use quantitative import restrictions under Article XI, noting that in certain "exceptional circumstances" countries may have to resort to domestic supply control. Doing so would defeat the purpose of tariffication, which is to extend the GATT disciplines on tariffs to measures currently not covered under GATT rules, as well as to allow world price changes to be transmitted to the domestic market.

EC Interests in the Negotiations on Agriculture

The EC's stance in the Uruguay Round is shaped by an interest in reaching an agreement in agriculture and limited by the constraints imposed by current policy.

An important motivating factor for the EC is the likely benefit of agreements in other areas that will require tradeoff. The EC, like most developed market economies, wants agreements in the areas of services, intellectual property rights, investment, and dispute settlement. Obtaining agreement in these areas will require the compliance of developing countries. An agreement on agriculture is crucial to many developing countries, and some have threatened to withdraw support from any final agreement that fails to satisfy their demands for agricultural reform.

Controlling agricultural expenditures in the EC budget is another objective of the EC in the negotiations. Agricultural expenditures account for the lion's share of the EC budget, and have been growing since the early 1980's. The growth of agricultural expenditures poses a problem because the EC can't run a deficit—expenditures are limited by available funds, and funds are established through a fixed formula. A series of budget crises in the mid-1980's led to the adoption of budgetary "reforms" designed to relieve pressure on the budget by limiting the quantity on which support would be paid through the use of quotas (dairy), stabilizers (grains and oilseeds), producer levies to help fund costs of surplus disposal (dairy and grains), and tighter restrictions on intervention (dairy, beef, and grains). These measures helped alleviate the crises, aided by a fortuitous rise in world commodity prices in the late 1980's that reduced per-unit costs of export subsidies and oilseed deficiency payments.

EC producer groups have already protested the modest reforms instituted to date, making it politically difficult to unilaterally achieve further support reductions. Using multilateral negotiations as a means of carrying out austerity programs is a time-honored way of implementing unpopular reform measures. Politicians can use the international forum as a scapegoat, while pointing to the possible benefits to their own producers and consumers from multilateral reductions in trade barriers.

Despite the benefits of an agreement in agriculture, the EC has stated its intention to preserve the Common Agricultural Policy (CAP) in its current form. The EC's proposal is designed to accommodate the CAP mechanisms while offering some reduction in absolute levels of support and protection. Maintaining the CAP, however, puts the EC at odds with the objectives of many other participants.

The proposal's elements address many of the broad objectives of the CAP. Ensuring a "fair" standard of living (parity with nonfarm income) would be achieved by maintaining support to farmers through a dual-pricing mechanism. Al-

though the EC has stated its willingness to make cuts in support, it remains unwilling to accept externally imposed disciplines on any one part of the CAP, e.g., export subsidies. The objective of market and price stability can be seen in the EC's proposal for tariffication, where the corrective factor would allow only partial pass-through of world market price movements and would completely offset exchange rate shifts. The fixed component would be established so as to maintain Community preference, a cornerstone of the CAP.

Current EC policies prevent transmission of market signals to producers of most products. Insulating domestic markets from world price changes contributes to the EC's objective of price stability, but prevents producers and consumers from responding to price changes. The EC's proposal for tariffication of nontariff import barriers would allow partial transmission of world price movements to producers, but offset much of the volatility by the corrective factor. Allowing some, but not full, pass-through would achieve the EC's dual objective of controlling agricultural expenditures by allowing (weakened) market signals to influence production while providing a mechanism for promoting market stability, as well as price and income support.

Update on Negotiations

Meetings of the Agriculture Negotiating Group (ANG) during the first half of the year focused on clarifying the country plans for negotiation. This exercise made the differences among participants more clear, but made little progress in resolving these differences. A smaller working group was set up to intensify efforts to refine proposals. The Trade Negotiations Committee (TNC), the supervisory body for the 15 negotiating groups in the Uruguay Round, expressed concern that the pace of negotiations would not allow an agreement to be in place by the December ministerial meeting. The Committee agreed that the basic outlines of agreements for all negotiating groups would have to be in place by the July TNC meeting. (U.S. Dept. of Commerce)

A series of spring and summer meetings focused attention on the dispute over agricultural trade negotiations. Trade ministers of 30 GATT countries met in April 1990 in Mexico to discuss progress in the Uruguay Round. They agreed to establish the July meeting of the Trade Negotiations Committee as the deadline for developing a framework for negotiations on the three areas of agricultural support (internal support, import access, and external competition), and for a provisional text on sanitary and phytosanitary measures. A May 1990 meeting of trade ministers of the Organization for Economic Cooperation and Development (OECD) countries ended in discord over the issue of agricultural export subsidies.

Concerned with the lack of progress and the apparent impasse between the United States and the EC, the chairman of the agriculture group, Aart DeZeeuw, submitted a draft text,

which was agreed on as a framework for further negotiations. The "DeZeeuw text" incorporated many of the elements of proposals submitted by the various countries and outlined an agreement that would be built on disciplines in the areas of internal support, border protection, export competition, and sanitary and phytosanitary regulations.

DeZeeuw's proposal would:

- require substantial and progressive reduction of internal support, including market price support, direct payments (including deficiency payments), and input and marketing cost reduction measures;
- reduce internal support by means of an aggregate measure of support, defined as total monetary value of support provided to a commodity, using the base year 1988, and a fixed reference price, based on average 1986-88 prices;
- subject policies excluded from reduction commitments—including diversion programs, disaster relief, crop insurance, domestic food aid, and regional development programs—to an overall ceiling on support;
- convert all nontariff border measures to tariff equivalents to be bound and reduced at a rate in line with the rate at which internal support would be reduced;
- provide temporary protection from excessive import surges or world price movements by means of safeguard provisions;
- maintain current import access or establish minimum access levels by means of tariff-quotas;
- reduce export subsidies at a faster rate than internal support or import barriers, and subject them to stronger GATT disciplines;
- require participants to submit, by October 1, "country lists"—detailed lists of supported and protected products, with information on internal support levels, proposed excluded policies, calculated tariff equivalents of border measures, and export subsidy levels including deficiency payments, transport or marketing cost reduction assistance, and concessional export credits. The lists will provide the information base on the value of support and protection on which reductions will be negotiated.

The text made no specific reference to the issue of rebalancing, but provided for the "possibility of negotiating specific solutions in case of particular situations which may exist for some products" (GATT, Framework Agreement). The paper also proposed that the text prepared by the Working Group

on Sanitary and Phytosanitary Measures be the basis for negotiations in that area.

Just as the agricultural trade talks appeared to be deadlocked, the July economic summit of the leaders of the seven major industrial countries (the "G-7") focused renewed attention on the issue (The "G-7" countries are the United States, Canada, Britain, France, West Germany, Italy, and Japan.). Discussion at the Houston summit focused on the DeZeeuw text, favored by the United States and supported by the Cairns Group, represented at the summit by Canada. The EC resisted agreeing to a framework that would require faster reductions in export subsidies than in overall support, as well as more liberal terms for tariffication than their own proposal. Leaders agreed to give political support to achieving an agreement in December. The communique fell short of endorsing the DeZeeuw proposal as a framework for negotiations, but supported it as a means to "intensify" the negotiations.

Uruguay Round talks reconvened in late July 1990. The Negotiating Group on Agriculture agreed that the DeZeeuw text should be used as a means to intensify the negotiations, that substantive negotiations would begin in August, and that country lists would be submitted by October 1. As in the Houston summit, the language fell short of endorsing use of the paper as the basis for negotiations, but satisfied the requirement for an outline of an agreement for the subsequent Trade Negotiations Committee meeting.

The TNC meeting was followed by an informal meeting in Ireland of the farm ministers of the "Quint" group of nations—the United States, the EC, Japan, Australia, and Canada. EC Agriculture Commissioner MacSharry surprised the group by announcing that the EC was prepared to reduce agricultural support in the Uruguay Round by 30 percent from 1986 levels through 1996. The European Commission estimates that policy reforms undertaken in the 1980's have reduced support by 10 percent for grains and by 15 percent for livestock products. Based on their estimates and this proposal, the Community would receive "credit" for these reductions and would be required to reduce support by an additional 20 percent and 15 percent for grains and livestock, respectively (*Agra Europe*).

Despite having reached an agreement to proceed on agricultural negotiations, the U.S. and EC positions have changed little, and major differences remain unresolved. The EC continues to insist on reductions to overall support (global) through use of an AMS, rejects specific disciplines on export subsidies, and insists on rebalancing. The United States is insisting on faster reductions in export subsidies, policy-specific commitments on internal supports, tariffication of all nontariff barriers, and improved rules and disciplines.

Conclusions

The Round will be brought to a conclusion at a ministerial meeting in Brussels in December 1990, at which time trade ministers will decide on the final terms of the agreements reached in the various negotiating groups. U.S. negotiating authority expires in early 1991 and any extension of this authority would have to be approved by Congress. Many doubt that Congress would be inclined to extend this authority after 3.5 years of unsatisfactory progress unless there were solid evidence that positions were converging.

Real progress in international trade negotiations typically occurs in the "eleventh hour." The waiting game is a risky strategy in these negotiations, as other agreements in other areas depend on a successful conclusion of the agricultural negotiations. But because of the slow pace of progress to date, last-minute agreements will surely have to be reached in the negotiations on agriculture, if the substantial differences in the positions of the EC and the United States are to be reconciled by December.

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Profiles of Agriculture in the United States and European Community

by

Michael T. Herlihy and Kenneth R. Weiss

Abstract: The United States and the European Community (EC) are the world's two largest agricultural exporters and are among the largest agricultural importers. They are major competitors in world markets as well as key trading partners and allies. Over time, the economies of the United States and the member nations of the EC—especially the farm economies—have become significantly interdependent. Nevertheless, important differences exist between the structure of agriculture in the United States and the EC and the role the agricultural sector plays in the overall economy. This article profiles selected aspects of U.S. and EC agriculture and analyzes the similarities and differences in these farm sectors located on different sides of the Atlantic.

Keywords: United States, EC, Common Agricultural Policy (CAP), land use, farm size, farm structure, consumption, agricultural trade, budget expenditures.

Introduction

Agriculture in the United States and the European Community (EC) is at a crossroads. The Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT), the 1990 U.S. farm bill, the 1992 Single Market Project, and recent developments in Eastern Europe will have major implications for the agricultural sectors of the United States and the EC. A better understanding of the main characteristics of U.S. and EC farming will help policymakers and producers on both sides of the Atlantic chart the course of agriculture into the 21st century.

Agriculture plays an important part in the economies of the United States and the EC although its role as a source of livelihood has declined significantly in this century. Technological advances combined with more efficient use of resources have allowed a smaller number of U.S. farmers to cultivate larger farms and feed an ever-increasing number of people at home and abroad. A similar trend is evident in the EC, although the number of farmers has declined to a lesser extent and average farm size is still much smaller. In general, farming in the United States tends to be a larger scale, more industrialized form of agriculture than that which is typical in much of the EC. In many parts of the EC, farms are very small and a large percentage of farmers must maintain off-farm jobs to earn a reasonable income. Agriculture is a very diversified industry, however, and small, part-time farms and large industrialized farming can be found on both sides of the Atlantic.

The Structure of Agriculture

Important differences exist in the structure of agriculture in the United States and the EC. Differences in their land area

and climate are reflected in agricultural production and the structure of their agricultural sectors.

Land Area and Use

The land area of the United States (917 million hectares) spans an area over 4 times larger than that covered by the 12 members of the EC (222 million hectares). The United States devotes 427 million hectares, a little less than half of its total available land, to agricultural production (figure G-1). The remaining area is divided between forest (262 million hectares) and all other uses (227 million hectares).

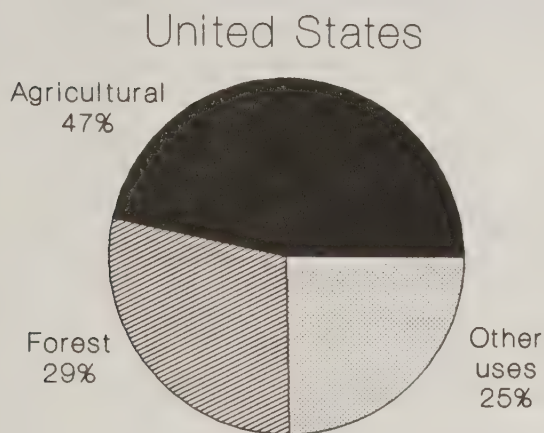
Although the EC devotes only about one-third as much land (129 million hectares) to agriculture as the United States, that area accounts for a substantially higher proportion of its total available land (58 percent). Forests still account for nearly a fourth of EC land area (54 million hectares) but the land available for all other uses totals only 40 million hectares, compared to 227 million hectares in the United States.

The use of agricultural land varies widely across the Community, depending primarily on the climate (figure G-2). Just over half of all land utilized for agriculture (68 million hectares) is classified as arable land (used for cereals, fodder and root crops, vegetables and flowers, and temporary grassland). The proportion of agricultural land used for arable crops ranges from a high of over 90 percent in Denmark to a low of just 18 percent in Ireland.

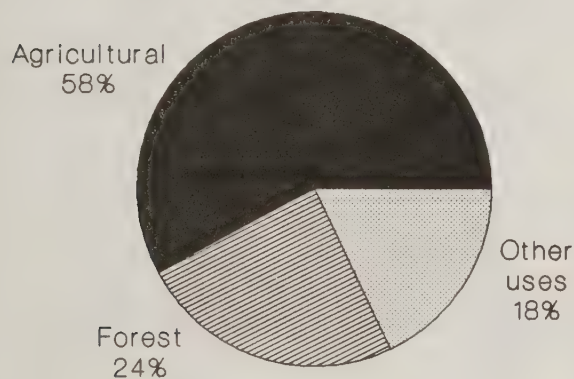
Permanent grassland and pasture account for 38 percent of agricultural area (49 million hectares), although it is very unevenly distributed across the Community. Nearly half of all EC grassland and pasture is located in just two countries—France and the United Kingdom. The proportion of agricultural area devoted to grassland and pasture is the highest in

Figure G-1

Major Land Uses, 1987



European Community



Source: USDA and Eurostat.

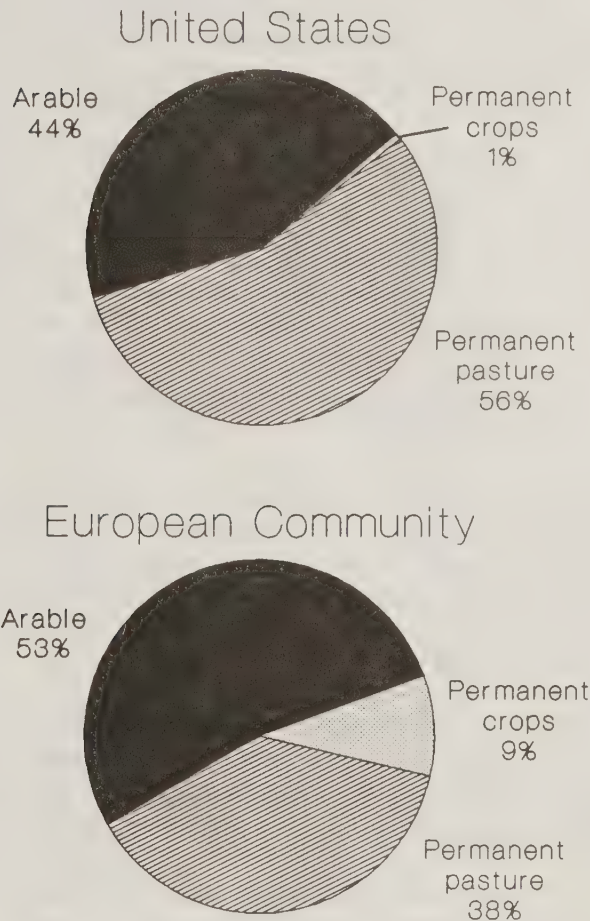
Ireland (82 percent), the United Kingdom (63 percent), and the Netherlands (54 percent) and is the lowest in Denmark (8 percent).

The remaining agricultural area in the EC is planted to permanent crops (fruit trees, vineyards, olives, etc.). Of the 12 million hectares under permanent crops, most of it is concentrated in the countries along the Mediterranean—Spain Italy, France, Greece, and Portugal. Much like California and Florida, the temperate countries bordering the Mediterranean specialize in the production of citrus fruits, dates, olives, and wine.

In the United States, only 44 percent of agricultural land is used for arable crops (186 million hectares), with California and states in the Midwest and South being the principal production areas. Grassland and pasture account for more than half of the land devoted to agriculture in the United States (239 million hectares), with large parts of the Midwest and Western States devoted to this use. The United States has al-

Figure G-2

Agricultural Land Uses, 1987



Source: USDA and Eurostat.

most 5 times as much land devoted to grassland and pasture as the EC.

The United States idled about 12 percent of its total arable land in 1987 under acreage reduction and conservation reserve programs. Although the EC instituted a cropland set-aside program in 1988, just over 1 percent of arable land was idled in the first 2 years of the program's operation. In 1987, U.S. farmers planted 32 percent of their arable land with grains (primarily corn and wheat), while EC farmers planted 52 percent (mostly wheat and barley).

Farm Numbers and Size

Although the number of farms in the EC has fallen by nearly 40 percent since 1960, the Community currently has 3 times more farms (6.93 million) than the United States (2.18 million), and, on average, each farm covers an area less than one-tenth the size of its counterpart in the United States (table G-1). Italy, Greece, and Portugal together have over half of all farms in the EC but, combined, account for only about 20 percent of the agricultural area. The average farm

Table G-1--Structure of agricultural holdings

	-----U.S.-----			-----EC 1/-----		
	Number of farms	Utilized agricultural area	Average farm size	Number of farms	Utilized agricultural area	Average farm size
	1,000	1,000 hectares	Hectares	1,000	1,000 hectares	Hectares
1960	3,963	476,276	120.2	8,147	99,356	12.2
1970	2,949	446,369	151.4	6,588	91,997	14.0
1975	2,521	428,747	170.1	5,901	90,448	15.3
1980	2,433	420,437	172.8	5,458	88,878	16.3
1985	2,275	410,521	180.4	5,037	87,634	17.4
1987	2,176	405,753	186.5	5,005 (6,929)	86,679 (114,562)	17.3 (16.5)

1/ EC-10 except for the numbers in parenthesis which are EC-12 for 1987.

Sources: USDA, Agricultural Statistics, various issues; and EC Commission, Agricultural Situation in the Community, various issues.

size in these three countries is less than 10 hectares, compared with nearly 70 hectares on average in the United Kingdom which has the largest average farm size in the EC.

Almost 90 percent of Greek farms are less than 10 hectares (628,700 farms out of a total of 703,500), and only 0.5 percent of Greek farms are over 50 hectares.

In the United States, the region with the smallest farms is New England where average farm size is 68 hectares. The ranches of New Mexico, Nevada, Wyoming and Arizona, on the other hand, average between 1,300 and 1,900 hectares.

In the United States, technological advances and the increased use of machinery have made farming a capital-intensive industry. With the greater utilization of large tractors, combines, and computers, the optimal size for farming in the United States has increased, resulting in fewer, but larger, farms.

Agriculture's Contribution to the General Economy

Agriculture's contribution to the general economy in the EC and the United States has declined during the last decade in terms of employment and gross domestic product (GDP). In the United States, the number of people employed in agriculture has decreased steadily from 3.4 million (or 4 percent of civilian employment) in 1975 to 3.2 million (or 2.8 percent of civilian employment) in 1988 (table G-2).

The shift of labor out of agriculture has been even more dramatic in the EC. In 1975, the agricultural sector in the EC accounted for 11.4 percent of civilian employment and employed 13.9 million persons, more than 4 times as many as in the United States. By 1988, EC agricultural employment had shrunk to 9.4 million (a drop of 4.5 million persons). In spite of this sharp drop, farming in the EC still employs nearly 3 times as many people as in the United States and accounts for a much larger share of total civilian employment.

Table G-2--Employment in agriculture

	U.S.		EC 1/	
	1,000 persons	Percent of total civilian employment	1,000 persons	Percent of total civilian employment
1975	3,408	4.0	13,935	11.4
1976	3,331	3.8	13,570	11.2
1977	3,283	3.6	13,133	10.8
1978	3,387	3.5	12,769	10.4
1979	3,347	3.4	12,410	10.1
1980	3,364	3.4	11,963	9.7
1981	3,368	3.4	11,561	9.5
1982	3,401	3.4	11,112	9.2
1983	3,383	3.4	11,041	9.2
1984	3,321	3.2	10,755	8.9
1985	3,179	3.0	10,514	8.7
1986	3,163	2.9	10,090	8.3
1987	3,208	2.9	9,802	7.8
1988	3,169	2.8	9,470	7.4

1/ Data are for the EC-12.

Source: Economic Report of the President, February 1990; EC Commission, Agricultural Situation in the Community, various issues; and Eurostat Review, various issues.

Agriculture's contribution to GDP also has declined over the last 15 years. Between 1975 and 1989, total GDP for the United States increased by 229 percent (table G-3). GDP from agriculture, on the other hand, rose by only 70 percent. As a result, agriculture's share of total GDP in the United States declined from 3.2 to 1.6 percent. Much as in the United States, agriculture's contribution to total GDP in the EC also has been shrinking. Nevertheless, agriculture still accounts for 2.6 percent of total GDP in the EC, a significantly higher share than in the United States.

Agricultural Trade

The United States is the world's largest agricultural exporter with total shipments valued at nearly \$40 billion in 1988 (table G-4). U.S. agricultural exports peaked in 1981 at \$44.6 billion but then declined in the mid-1980's due to a number of factors, including increased competition from

foreign competitors like the EC and the strong value of the U.S. dollar which made U.S. farm exports more expensive to foreign purchasers. While agricultural exports have increased by 79 percent between 1975 and 1988, the agricultural share of total U.S. exports has declined from 21 to 13 percent.

The U.S. agricultural trade surplus more than doubled between 1975 and 1981, reaching a record of \$24.5 billion. Between 1981 and 1986 agricultural imports increased while exports declined, causing the agricultural trade balance to plummet to just \$2.9 billion, worsening the overall trade deficit. Since 1986 the U.S. agricultural trade surplus has increased, reaching \$15.2 billion in 1988.

Table G-3. Agriculture's contribution to the general economy

	----- U.S. -----			----- EC 1/ -----		
	Total GDP	GDP from agriculture	Agriculture's contribution to total GDP	Total GDP	Agricultural gross value added	Agriculture's contribution to total GDP
	-- Billion dollars --		Percent	-- Billion dollars --		Percent
1975	1,580.9	50.3	3.2	1,557.0	NA	NA
1976	1,761.7	48.5	2.8	1,608.1	NA	NA
1977	1,965.1	50.4	2.6	1,821.2	NA	NA
1978	2,219.1	60.3	2.7	2,252.1	NA	NA
1979	2,464.4	71.8	2.9	2,742.2	NA	NA
1980	2,684.4	65.5	2.4	3,127.7	NA	NA
1981	3,000.5	79.8	2.7	2,761.6	91.8	3.3
1982	3,114.8	77.0	2.5	2,642.2	93.4	3.5
1983	3,355.9	59.3	1.8	2,561.2	84.6	3.3
1984	3,724.8	77.6	2.1	2,445.0	80.3	3.3
1985	3,974.1	75.4	1.9	2,537.2	77.0	3.0
1986	4,197.2	75.8	1.8	3,467.9	101.9	2.9
1987	4,493.8	76.8	1.7	4,281.5	117.2	2.7
1988	4,847.3	76.1	1.6	4,708.5	122.7	2.6
1989	5,199.6	85.6	1.6	4,665.6	121.3 2/	2.6

1/ EC-12
2/ Estimate.

Sources: Economic Report of the President, February 1990; EC Commission, European Economy and Agricultural Situation in the Community, various issues; and Eurostat, Review, various issues.

Table G-4--U.S. and EC agricultural trade 1/

	----- U.S. -----					----- EC 2/ -----					
	Value of ag. exports	Percent of total exports	Value of ag. imports	Percent of total imports	Ag. trade balance	Value of ag. exports	Percent of total exports	Value of ag. imports	Percent of total imports	Ag. trade balance	Intra-EC ag. trade
	Million dollars	Percent	Million dollars	Percent	Million dollars	Million dollars	Percent	Million dollars	Percent	Million dollars	Million dollars
1975	22,295	21.0	10,148	10.5	12,147	11,648	8.0	29,684	18.5	-18,036	26,969
1976	23,531	20.8	11,858	9.7	11,674	12,012	7.8	32,713	17.8	-20,701	28,534
1977	24,306	20.6	14,155	9.6	10,152	14,707	8.0	39,815	19.5	-25,108	32,213
1978	30,188	21.6	17,031	9.3	13,156	17,477	8.0	42,047	18.1	-24,570	39,654
1979	35,753	20.6	19,347	8.9	16,406	21,347	8.2	49,132	16.1	-27,785	47,483
1980	42,403	19.9	19,939	8.0	22,463	27,580	9.1	51,258	13.2	-23,677	51,878
1981	44,561	19.7	20,021	7.4	24,539	29,592	10.0	45,096	12.9	-15,504	47,371
1982	37,857	18.4	18,461	7.3	19,397	25,211	9.1	42,492	13.1	-17,281	47,615
1983	37,236	19.1	19,257	7.2	17,979	23,777	8.8	40,166	13.4	-16,388	46,697
1984	38,947	18.5	22,810	6.7	16,137	25,037	9.0	41,177	13.4	-16,140	46,144
1985	30,217	14.7	23,310	6.5	6,907	25,067	8.6	39,874	12.8	-14,808	49,329
1986	27,476	13.4	24,568	6.4	2,908	27,104	8.0	42,643	12.8	-15,539	64,302
1987	30,945	12.7	24,171	5.7	6,774	30,692	7.8	46,065	11.6	-15,373	78,394
1988	39,989	13.2	NA	NA	NA	NA	NA	NA	NA	NA	NA

NA = not available.
1/ U.S. and EC agricultural trade statistics include the following commodities (SITC code): Live animals (00); meat and meat preparations (01); dairy products (02); cereals and cereal preparations (04); fruit and vegetables (05); sugar, sugar preparations, and honey (06); coffee, tea, cocoa, and spices (07); animal feed (08); miscellaneous food preparations (09); beverages (11); tobacco, unmanufactured (121); tobacco, manufactured (122); hides, skins, furs undressed (21); oilseeds, oil, nuts, and oil kernels (22); natural rubber (2311); silk (261); wool and animal hair (262); cotton (263); jute (264); vegetable fibers, excluding cotton and jute (265); crude animal and vegetable material not specified elsewhere (29); and animal and vegetable fats and oils (4).
2/ Data are for the EC-12, and exclude intra-EC trade unless otherwise specified.

Source: United Nations Trade Data, 1990.

EC agricultural exports nearly tripled between 1975 and 1987, rising from \$11.6 billion (9.4 billion ECU) to \$30.7 billion (26.6 billion ECU). As a result, the EC has become the world's second largest agricultural exporter behind the United States. In both 1986 and 1987, EC farm exports nearly exceeded those of the United States. Since 1975, agriculture's share of total exports has remained fairly stable, varying between 8 and 10 percent of total EC exports.

While the value of EC agricultural imports also has increased, their share of total imports has declined from 18.5 percent in 1975 to 11.6 percent in 1987. Because agricultural exports increased faster than imports, the EC's agricultural trade deficit declined from 18 billion in 1975 to 15.4 billion in 1987. Intra-EC agricultural trade nearly tripled between 1975 and 1987, reflecting the "Community preference" provided to domestic agricultural production under the CAP.

Table G-5 shows the development of bilateral U.S.-EC trade over the period 1975 to 1988. One of the biggest changes in bilateral trade has been the sharp decline in U.S. agricultural exports to the EC from the levels in the early 1980's. Between 1980 and 1982 the United States exported an average of \$11.3 billion worth of farm products to the EC. By 1985, this had dropped to only \$6.8 billion.

While total EC exports to the United States have increased dramatically since 1975, agricultural exports have accounted for only a small share of that increase. In 1987, agricultural exports accounted for only 6 percent of total EC exports to the United States. For the United States, over 13 percent of all exports to the EC in 1987 consisted of farm products.

Consumption

An examination of data on per capita consumption of agricultural products reveals some interesting differences between the United States and the EC (table G-6). For one, consumption of poultry has increased much faster in the United

Table G-5. Value of U.S. and EC bilateral trade 1/

	----- U.S. -----		----- EC 2/ -----	
	Total exports to EC	Total ag. exports to EC	Total exports to U.S.	Total ag. exports to U.S.
----- Million dollars -----				
1975	25,493	6,889	17,417	1,658
1976	28,000	7,681	19,285	1,853
1977	28,878	8,073	24,667	2,082
1978	33,112	8,845	31,195	2,645
1979	43,490	9,618	36,039	2,871
1980	55,731	11,455	38,502	3,032
1981	53,128	11,550	42,662	3,204
1982	49,703	10,764	42,908	3,392
1983	46,201	9,515	46,271	3,610
1984	47,593	8,512	57,582	4,134
1985	46,526	6,763	65,015	4,465
1986	49,983	7,182	73,407	4,898
1987	56,934	7,613	82,733	5,193
1988	70,861	8,192	NA	NA

NA = not available.

1/ U.S. and EC agricultural trade statistics include the following commodities (SITC code): Live animals (00); meat and meat preparations (01); dairy products (02); cereals and cereal preparations (04); fruit and vegetables (05); sugar, sugar preparations, and honey (06); coffee, tea, cocoa, and spices (07); animal feed (08); miscellaneous food preparations (09); beverages (11); tobacco, unmanufactured (121); tobacco, manufactured (122); hides, skins, furs undressed (21); oilseeds, oil, nuts, and oil kernels (22); natural rubber (2311); silk (261); wool and animal hair (262); cotton (263); jute (264); vegetable fibers, excluding cotton and jute (265); crude animal and vegetable material not specified elsewhere (29); and animal and vegetable fats and oils (4).

2/ Data are for the EC-12 and exclude intra-EC trade.

Source: United Nations Trade Data, 1990.

Table G-6--Per capita consumption of selected agricultural products

	----- U.S. -----					----- EC 1/ -----				
	1970	1975	1980	1985	1987	1970	1975	1980	1985	1987
----- Kilograms per person -----										
Wheat	50.1	52.8	52.8	57.3	58.6	75.0	74.0	75.0	72.0	72.0
Rice	3.2	3.4	4.9	5.9	6.1	3.0	3.0	3.0	4.0	4.0
Sugar	46.3	41.8	35.8	28.2	28.3	38.0	36.0	35.0	33.0	34.0
Corn sweeteners	9.3	13.2	19.8	30.5	31.1	NA	NA	NA	NA	NA
Low cal sweeteners	2.4	2.9	3.9	8.4	8.6	NA	NA	NA	NA	NA
Milk products	124.6	117.8	109.2	108.5	107.7	102.0	102.0	100.0	100.5	99.6
Cheese	5.5	6.9	8.4	10.5	10.9	10.0	11.0	13.0	13.4	13.8
Butter	2.4	2.0	2.0	2.1	2.1	6.0	6.0	6.0	6.0	6.0
Margarine	5.0	5.2	5.0	4.9	4.8	6.0	5.0	5.0	5.0	5.0
Eggs	17.7	15.6	15.3	14.4	14.5	14.0	14.0	14.0	13.6	13.3
Total meat	81.6	80.5	80.3	83.5	83.3	75.0	79.0	83.0	82.0	86.0
Beef	36.2	39.0	32.8	32.9	31.4	22.0	23.0	22.0	23.0	21.0
Veal	0.8	1.2	0.6	0.6	0.6	3.0	3.0	3.0	3.0	3.0
Pork	22.5	17.7	20.8	19.3	19.0	32.0	34.0	37.0	37.0	39.0
Poultry	15.7	16.3	19.9	23.5	25.0	12.0	13.0	14.0	16.0	17.0
Lamb and mutton	1.0	0.5	0.5	0.5	0.5	3.0	3.0	4.0	4.0	4.0

NA = not available.

1/ EC-9 for 1970 and 1975, EC-10 for 1980, and EC-12 for 1985 and 1987.

Sources: USDA, Food Consumption, Prices, and Expenditures, 1967-88; USDA, Agricultural Statistics, various issues; and EC Commission, Agricultural Situation in the Community, various issues.

States. Between 1970 and 1987, per capita consumption of poultry increased by nearly 60 percent in the United States, compared with just over 40 percent in the EC. Consumption of pork declined in the United States between 1970 and 1987, while it increased even further in the EC. It is now over twice that in the United States, although total meat consumption is fairly close.

Butter is another example of differences in consumption patterns, with per capita consumption decreasing in the United States between 1970 and 1987 while it remained steady in the EC. Per capita butter consumption in the EC was almost 3 times that of the United States in 1987, even though the amount of margarine consumed per capita was nearly identical. Sugar is another interesting case. Sugar consumption has declined dramatically in the United States while it has shown only a slight decrease in the EC. However, per capita consumption of corn sweeteners and low calorie sweeteners has more than tripled in the United States since 1970, exceeding per capita sugar consumption by 40 percent in 1987.

Government Spending on Agricultural Support Programs

Agricultural support programs in the United States and the EC share many common goals. These include supporting farm incomes, ensuring adequate domestic supplies of food, and protecting the rural environment. Although many of the goals are the same, the policies employed to achieve them and the reasons they were adopted are quite different.

The commodity programs of the 1930's formed the foundation for current U.S. farm programs. These programs, many of which were part of the New Deal legislation, were enacted because of the depressed state of the farm sector during the 1920's. The situation worsened as the nation suffered through the Great Depression and as foreign demand for agricultural commodities slackened. The policy debate was no longer whether the Federal Government should be involved in supporting farm income, but to what extent (Tweeten). The farm legislation passed since that time has committed the Federal Government to an increasing role in supporting farm income. Current U.S. policies are a mix of programs that were proposed or enacted during the last 50 to 60 years.

The 1957 Treaty of Rome established the EC and placed agriculture at the top of the policy agenda. Agriculture was elevated to this position because of a desire on the part of the six original EC-member nations to increase the security of domestic food supplies, improve rural welfare, and promote improvements in agricultural production methods and systems (ABAE). The agricultural policies of the European countries that formed the EC have a long history, including the impact of the Great Depression of the 1930's and the aftermath of World War II. These highly protective policies served as a basis for the formation of the CAP.

Much of the recent debate over agricultural policies in the United States and the EC is centered on budget expenditures. Although state/national governments and consumers also pay a significant part of the total cost of supporting farmers, it is the record level of U.S. and EC expenditures on farm programs during the 1980's that has provided much of the momentum for agricultural policy reform. Government expenditures on agricultural programs have escalated sharply over the last 15 years and may continue to do so, unless an agreement can be reached in the GATT or U.S. and EC policymakers decide to unilaterally liberalize their agricultural sectors.

U.S. budget expenditures for price and income support (total Commodity Credit Corporation net budget expenditures) have increased rapidly since 1975 when they totalled only \$585 million (table G-7). U.S. expenditures rose to \$18.9 billion in 1983, almost 6 times the annual average of the 1970's, before they were cut 61 percent in 1984 as a result of the payment-in-kind (PIK) program and a severe drought (CBO, Feb. 1985).

Outlays reached a record \$25.8 billion in 1986, more than a nine-fold jump in spending from 1980, and a 46 percent increase over 1985. Not surprisingly, agricultural expenditures were one of the fastest growing components of the Federal budget during the 1980's (CBO, June 1988). The

Table G-7--Budget expenditures for agricultural price and income support

Year	U.S. 1/	EC 2/	EC 2/
	---Million dollars---		Million ECU
1975	585.3	5,612.1	4,523.0
1976	1,524.3 3/	6,246.3	5,587.0
1977	3,819.6	7,794.2	6,830.4
1978	5,656.4	11,051.6	8,672.7
1979	3,611.5	14,312.8	10,442.0
1980	2,751.7	15,739.0	11,314.9
1981	4,036.3	12,451.4	11,141.2
1982	11,652.2	12,172.4	12,405.6
1983	18,850.9	14,189.2	15,919.7
1984	7,315.5	14,495.4	18,371.9
1985	17,683.2	15,124.6	19,843.4
1986	25,841.2	21,831.0	22,192.7
1987	22,407.9	26,751.9	23,175.9
1988	12,460.9	32,744.4	27,658.1
1989	10,523.1	28,521.3	25,872.0
1990 4/	6,742.0	34,176.3	28,192.0

1/ Total Commodity Credit Corporation (CCC) Net Budgetary Expenditures. Budget expenditures for Public Law 480 (PL480) are not included. Expenditures are for the fiscal year, July through June for 1975 and 1976 and October through September for 1976-90.

2/ Total European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section expenditures. EC-9 for 1975-80, EC-10 for 1981-85, and EC-12 for 1986-90. Expenditures are for calendar years for 1975-1986; Jan. 1, 1987 to Oct. 31, 1987 for 1987; Nov. 1, 1987 to Oct. 15, 1988 for 1988; Oct. 15, 1988 to Oct. 14, 1989 for 1989; and Oct. 15, 1989 to Oct. 14, 1990 for 1990.

3/ Includes expenditures during the 1976 transition quarter.

4/ Preliminary.

Sources: USDA, Commodity Credit Corporation, History of Budgetary Expenditures, Book 1 and 2; USDA, Agricultural Outlook, various issues; and EC Commission, The European Agricultural Guidance and Guarantee Fund (EAGGF) Financial Reports, various issues.

surge in budget expenditures for price and income support during the first half of the 1980's reflected a sharp decline in U.S. farm prices following a number of bumper harvests and a slowdown in demand for exports.

EC spending on agricultural price and income support (total European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section expenditures) climbed steadily during the 1970's and 1980's as domestic production responded to high support prices, and as surplus commodities were either disposed of on world markets or placed in storage. Budget expenditures increased from 4.5 billion ECU (\$5.6 billion) in 1975 to 22.2 billion ECU (\$21.8 billion) by 1986, an increase of nearly 400 percent. The record for EC agricultural spending was set in 1988 when budget costs exceeded \$32.7 billion (27.7 billion ECU). Lower export refunds and storage costs for grains following the 1988 North American drought, lower-than-expected fruit and vegetable harvests, a drop in wine production, and a relatively strong U.S. dollar helped keep EC spending below the amount appropriated or a new record would have been set in 1989.

Some of the increase in EC budget expenditures for agriculture can be attributed to the two enlargements of the Community that have taken place since 1975. Greece joined the EC in January 1981 and Portugal and Spain became members in January 1986. Spending to support agriculture in the new member nations and an increase in aid for Mediterranean products which followed both enlargements have added to budget outlays.

Between 1975 and 1989, EC spending on price and income support exceeded that of the United States in all but 3 years—1983, 1985, and 1986. Since reaching a peak in 1986, U.S. budget outlays for farm price and income support have declined every year. The primary reason for the decline was a change in price support programs enacted in the Food Security Act of 1985 which reduced price support levels, encouraged exports, and reduced excess stocks (CBO Feb. 1986, Aug. 1989). Another important factor was the 1988 drought which led to higher world prices for wheat and feed grains and a drop in U.S. production of program commodities, resulting in lower government payments to farmers (Congressional Budget Office, Aug. 1989).

U.S. farm spending in 1989, \$10.5 billion, is nearly 60 percent less than the record in 1986 and the lowest level since 1984. Since 1982, when U.S. and EC expenditures were roughly equal at about \$12 billion, U.S. spending for has declined nearly 10 percent, to \$10.5 billion. By contrast, EC expenditures for 1989 were almost 110 percent higher than in 1982 (calculated in ECU terms).

U.S. budget expenditures for price and income support in 1990 are projected at \$6.7 billion, a decline of 36 percent from 1989. Pressure to cut U.S. farm spending, in order to

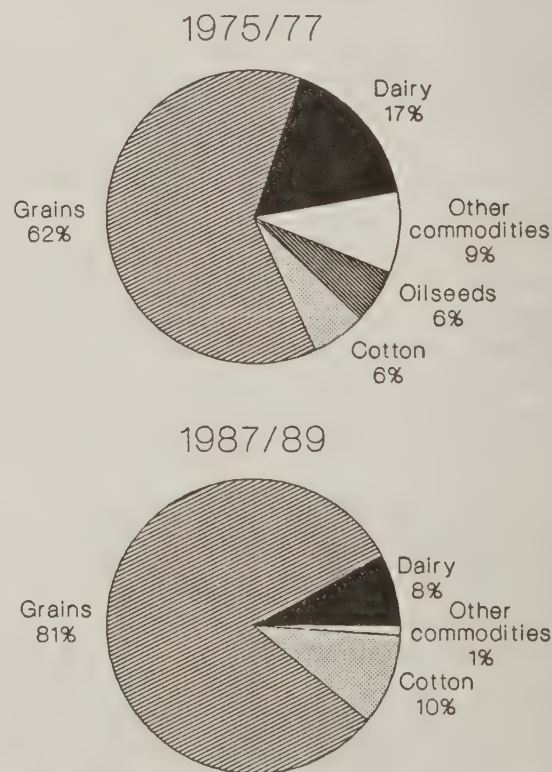
help meet budget-deficit reduction targets, is expected to continue in the future. Appropriations for the 1990 EC budget are for a record 28.2 billion ECU (nearly \$31 billion), an increase of 9 percent over spending in 1989.

A breakdown of U.S. program outlays by commodity reveals that expenditures for grains (wheat, feed grains, and rice), dairy, cotton, and oilseeds have all declined from the historic peaks set in the mid-1980's (table G-8). Net budget outlays for grains totaled \$4.1 billion in 1989, less than one-fourth the record amount spent in 1987. Outlays for dairy in 1989 were the lowest this decade while spending on cotton has declined by nearly one-third from the 1986 peak.

Spending on grains accounted for the lion's share of U.S. budget outlays for price and income support over the last 15 years. The share of the budget devoted to grains has increased from an average of 62 percent for the 1975-1977 period to 81 percent during 1987-1989 (figure G-3). The share spent on cotton also increased, rising from 6 percent of total farm program outlays to 10 percent. Budget shares for dairy, oilseeds, and other commodities all declined. Dairy's share of total expenditures dropped the most, falling from an average of 17 percent for 1975-1977 to only 8 percent for 1987-1989.

Figure G-3

U.S. Budget Outlays by Commodity



Source: USDA.

The CAP provides support to a much wider range of commodities than those covered by U.S. programs. Market organizations are in place for all major EC agricultural products with the exception of potatoes. The EC dairy sector has received the largest amount of support historically, and this continues to be the case with expenditures of nearly 5 billion ECU (\$5.5 billion) in 1989 (table G-8). Spending on dairy increased from 1.2 billion ECU in 1975 (\$1.5 billion) to a peak of nearly 6 billion ECU in 1985 (\$4.5 billion). The imposition of dairy quotas in 1984 and reductions in dairy stocks (i.e., the "butter mountain") helped to stabilize and then reduce spending.

Budget expenditures for grains (wheat, coarse grains, and rice) increased steadily between 1975 and 1988, reaching a peak of 4.3 billion ECU (\$5.1 billion). Higher world prices for grains and lower intervention stocks helped reduce budget outlays by one-quarter in 1989 to 3.2 billion ECU (\$3.6 billion), the lowest since 1985. Although spending for sugar and wine also declined in 1989, outlays for meat, poultry, and eggs, along with those for olive oil and oilseeds, reached record highs. Spending on meat, poultry, and eggs totaled 4.4 billion ECU (\$4.8 billion) while outlays for olive oil and oilseeds amounted to 4.1 billion ECU (\$4.6 billion), making them the second and third most costly sectors behind dairy.

During the last 15 years some major shifts have occurred among commodities in the allocation of EC farm support (figure G-4). By far the most dramatic shift occurred in the dairy sector, which saw its share of total budget expenditures

Figure G-4

EC Budget Outlays by Commodity

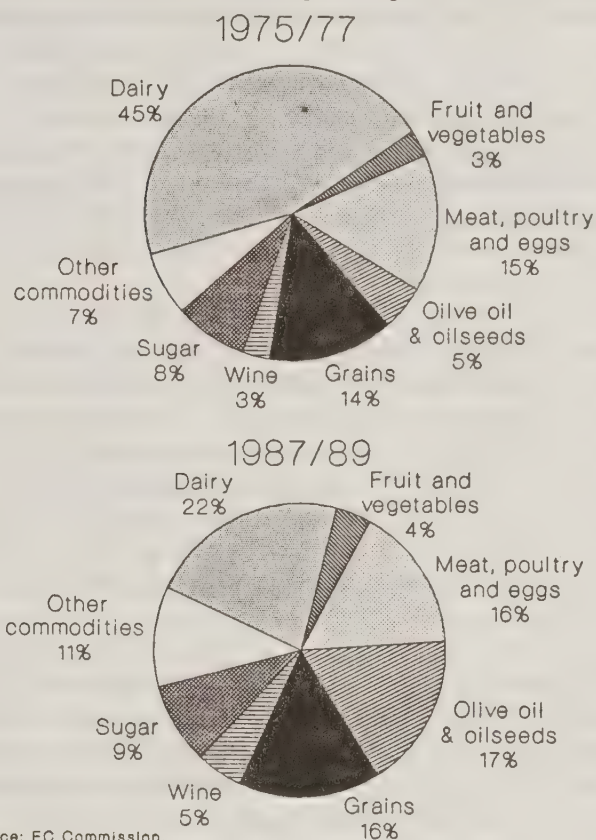


Table G-8. Budget expenditures for agricultural price and income support by commodity

U.S. 1/	1975	1976	2/ 1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
	----- Million dollars -----														
Grains	222	493	2,703	3,066	1,501	2,089	1,034	7,799	10,898	2,111	10,892	16,598	17,709	9,859	4,068
Dairy	424	57	469	240	24	1,011	1,894	2,182	2,528	1,502	2,085	2,337	1,166	1,295	679
Cotton	233	-4	104	224	141	64	336	1,190	1,363	244	1,553	2,142	1,786	666	1,416
Oilseeds	99	242	-1	-8	31	144	115	181	282	-584	723	1,629	-468	-1,669	-73
Other commodities	-110	420	173	529	507	-449	-122	179	1,071	578	829	679	-186	-594	3,662
Total commodities	868	1,208	3,448	4,051	2,204	2,859	3,257	11,531	16,142	3,851	16,082	23,385	20,007	9,557	9,797
Other expenditures	-283	318	372	1,605	1,407	-107	779	121	2,709	3,464	1,601	2,456	2,401	2,904	726
Total	585	1,524	3,820	5,656	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	22,408	12,461	10,523

EC 3/	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
	----- Million ECU -----														
Grains	593	674	643	1,130	1,607	1,728	1,943	1,875	2,534	1,698	2,361	3,486	4,237	4,337	3,234
Dairy	1,194	2,278	2,924	4,015	4,528	4,752	3,343	3,328	4,396	5,442	5,933	5,406	5,013	5,915	4,991
Meat, poultry, and eggs	990	660	531	722	933	1,618	1,867	1,626	2,310	3,246	3,477	4,348	3,033	4,179	4,397
Olive oil and oilseeds	188	247	269	325	606	687	1,025	1,214	1,621	1,752	1,803	2,632	3,827	3,917	4,142
Sugar	271	229	598	878	940	575	768	1,242	1,316	1,632	1,805	1,726	2,036	2,082	1,990
Wine	141	134	90	64	62	300	459	571	659	1,223	921	631	800	1,546	1,148
Fruit and vegetables	73	185	178	101	443	687	641	914	1,196	1,455	1,231	986	967	708	1,016
Other commodities	293	340	407	531	615	669	857	1,324	1,398	1,550	1,987	2,383	2,349	2,819	3,041
Total commodities	3,742	4,747	5,640	7,765	9,732	11,016	10,903	12,093	15,431	17,996	19,517	21,598	22,262	25,503	23,959
Other expenditures	780	840	1,190	908	710	299	238	313	489	376	326	595	914	2,156	1,912
Total	4,523	5,587	6,830	8,673	10,442	11,315	11,141	12,406	15,920	18,372	19,843	22,193	23,176	27,658	25,872

1/ Total Commodity Credit Corporation (CCC) Net Budgetary Expenditures. Budget expenditures for Public Law 480 (PL480) are not included. Expenditures are for the fiscal year, July through June for 1975 and 1976, and October through September for 1976 through 1990.

2/ Includes expenditures during the 1976 transition quarter.

3/ Total European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section expenditures. EC-9 for 1975-80, EC-10 for 1981-85, and EC-12 for 1986-90. Expenditures are for calendar years for 1975-1986; Jan. 1, 1987 to Oct. 31, 1987 for 1987; Nov. 1, 1987 to Oct. 15, 1988 for 1988; Oct. 16, 1988 to Oct. 15, 1989 for 1989; and Oct. 16, 1989 to Oct. 15, 1990 for 1990.

Sources: USDA, Commodity Credit Corporation, History of Budgetary Expenditures, Book 1 and 2; USDA, Agricultural Outlook, various issues; and EC Commission, The European Agricultural Guidance and Guarantee Fund (EAGGF) Financial Reports, various issues.

cut from an average of 45 percent during 1975-1977 to only 22 percent in 1987-1989. Budget shares for all other sectors benefitted from the large reduction in the proportion going to dairy. The largest increase was in the share of the budget spent to support olive oil and oilseeds, which soared from 5 to 17 percent. Significant increases also were observed for grains (from 14 to 16 percent), wine (from 3 to 5 percent), and other commodities (from 7 to 11 percent). The "other commodities" category includes tobacco, fiber plants (flax, hemp, and cotton), protein plants (peas, field beans, and lupins), hops, and seeds.

Budget expenditures can also be broken down by program type. For the United States, these include price-support loans (nonrecourse loans made at a specific loan rate), direct payments (deficiency, diversion, dairy termination, disaster, and other direct payments), storage and interest subsidies, and other payments (CCC operating expenses, 1988/89 crop disaster, emergency livestock/forage assistance, Export Guarantee Program, Direct Export Credit Program, and other programs).

In 1989, net outlays for U.S. price support loans were -\$926 million (table G-9). This indicates that repayments and other receipts received by the Government exceeded gross outlays of funds in 1989. Spending on price-support loans peaked at \$13.6 billion in 1986 and have dropped sharply each year since then. Direct payments were the largest category in 1989, just over \$6 billion. Deficiency payments to farmers participating in commodity programs historically have accounted for most of the spending for direct payments. In 1989, deficiency payments accounted for 96 percent of direct payments. However, the drought and PIK program in

1984 caused deficiency payments to fall to only 29 percent of direct payments and raised diversion payments to 71 percent of the total.

Storage and interest payments amounted to \$898 million in 1989, a sharp drop from the peak of \$5.2 billion reached in 1983. Other program payments reached a record high in 1989, \$4.5 billion or nearly 2.5 times the 1980-88 average. Most of this jump was due to a one-time expenditure of \$3.4 billion for crop disaster payments following the 1988 drought.

An analysis of U.S. budget outlays by program type since the mid-1970's reveals the sharply reduced role of price support loans, relative to direct payments and storage and interest subsidies, (figure G-5). The share of budget expenditures for price support loans fell from an average of 52 percent during 1975-1977 to only 35 percent in 1987-1989. Direct payments took over the number one spot, as its share of spending increased from 26 to 36 percent. The budget share for storage and interest subsidies tripled during the same period.

EC spending for agricultural support can be broken into four main categories—export refunds, storage costs, price-compensation aids and coresponsibility, and other intervention programs. Expenditures for export refunds increased steadily during the 1970's and 1980's as the EC became a major exporter of dairy products, wheat, barley, sugar, and beef and veal. Budget outlays for export refunds increased from 0.9 billion ECU (\$1.2 billion) in 1975 to a peaked of 9.9 billion ECU (\$11.7 billion) in 1988 (table G-9). Dairy products and cereals each accounted for about 30 percent of

Table G-9. Budget expenditure for agricultural price and income support by program

	U.S. 1/														
	1975	1976 2/	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
	----- Million dollars -----														
Price-support loans	-15	736	2,370	1,377	2	-66	174	7,015	8,438	-27	6,272	13,628	12,199	4,579	-926
Direct payments	560	370	594	2,268	1,811	418	1,030	1,491	3,600	2,117	7,827	6,746	5,862	4,245	6,011
Storage and interest	183	98	16	199	613	1,031	575	1,021	5,154	1,971	2,421	2,909	3,710	2,166	898
Other programs	-143	321	840	1,811	1,186	1,369	2,257	2,125	1,659	3,254	1,163	2,558	637	1,471	4,540
Total	585	1,524	3,820	5,656	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	22,408	12,461	10,523
	EC 3/														
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989 4/
	----- Million ECU -----														
Export refunds 5/	947	1,718	2,590	3,750	4,982	5,695	5,209	5,054	5,560	6,619	6,716	7,409	9,375	9,929	9,230
Storage	810	1,229	990	1,982	1,658	1,617	1,631	1,818	2,893	3,540	4,428	5,555	3,684	5,820	3,888
Price compensation	2,623	2,349	3,079	2,715	3,535	3,504	3,632	4,769	6,559	6,688	7,577	8,272	8,998	10,267	10,873
Other programs	144	291	171	226	267	499	669	765	907	1,525	1,123	957	1,119	1,642	1,880
Total	4,523	5,587	6,830	8,673	10,442	11,315	11,141	12,406	15,920	18,372	19,843	22,193	23,176	27,658	25,872

1/ Total Commodity Credit Corporation (CCC) Net Budgetary Expenditures. Budget expenditures for Public Law 480 (PL480) are not included. Expenditures are for the fiscal year, July through June for 1975 and 1976, and October through September for 1976 through 1990.

2/ Includes expenditures during the 1976 transition quarter.

3/ Total European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section expenditures. EC-9 for 1975-80, EC-10 for 1981-85, and EC-12 for 1986-90. Expenditures are for calendar years for 1975-1986; Jan. 1, 1987 to Oct. 31, 1987 for 1987; Nov. 1, 1987 to Oct. 15, 1988 for 1988; Oct. 16, 1988 to Oct. 15, 1989 for 1989; and Oct. 16, 1989 to Oct. 15, 1990 for 1990.

4/ Figures for export refunds, storage, price compensation, and other programs for 1989 are based on preliminary data.

5/ Includes expenditures on food aid refunds and that portion of Monetary Compensatory Amounts labeled as export refunds by the EC.

Sources: USDA, Commodity Credit Corporation, History of Budgetary Expenditures, Book 1 and 2; USDA, Agricultural Outlook, various issues; and EC Commission, The European Agricultural Guidance and Guarantee Fund (EAGGF) Financial Reports, various issues.

refunds that year, followed by sugar (16 percent), and beef and veal (8 percent).

Budget outlays for storage (public and private storage), which increased less rapidly than export refunds during the 1970's and early 1980's, rose sharply in the mid-1980's with the accumulation of large stocks of butter, skim milk powder, wheat, barley, rye, olive oil, and beef and veal. By 1983 storage costs were more than twice the average costs of 1980-82. Storage costs peaked in 1988 at 5.8 billion ECU (\$6.9 billion), with public storage costs accounting for 86 percent (5 billion ECU) and private storage aids representing only 14 percent (0.79 billion ECU).

Price-compensating aids consist of those EC expenditures used to maintain a products' domestic consumption price below both the production price and the price of imports from nonmember countries. Some examples of price-compensating aids include production and consumption aids for olive oil, aid for skim milk powder used in animal feeds, crushing subsidies for oilseeds, and production aids for processed fruit and vegetable products. Price-compensating aids increased rapidly in the mid-1980's and in 1988 totaling 10.3 billion ECU (\$12.1 billion) in 1988. In that year, crushing subsidies for domestically produced oilseeds were the largest category of price-compensating aids—accounting for 29 percent of expenditures (2.9 billion ECU)—

followed by production and consumption aids for dairy products (20 percent or 2.1 billion ECU), and aids for sheepmeat and goatmeat (13 percent or 1.3 billion ECU).

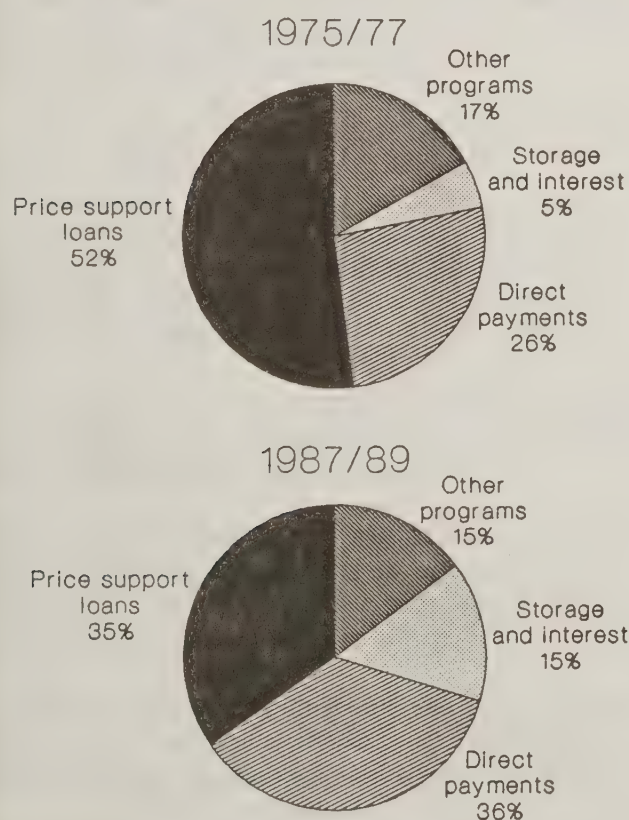
Corresponsibility levies are paid by dairy and grain producers to help cover the costs of disposing of surplus production and thus help reduce EC budget expenditures. In 1988, corresponsibility levies amounted 1.213 billion ECU (\$1.4 billion), with those from grain producers accounting for 56 percent of the total.

Other farm budget expenditures include payments for guidance premiums in the milk and beef sectors (for permanent abandonment of milk production, compensation for temporary suspension of milk quotas, and calf premiums) and spending to cover the withdrawal of products from the market. These expenditures are expected to amount to 1.9 billion ECU (\$2.1 billion) in 1989.

Figure G-6 shows how EC budget spending, by category, has changed over the last 15 years. The most dramatic changes are the drop in budget share for price-compensating aids (from 48 percent in 1975-77 to 39 percent in 1987-89) and the jump in the share required to pay export refunds (30 percent in 1975-77 versus 37 percent in 1987-89). The budget share accounted for by storage declined slightly, while the share for other programs showed a small gain.

Figure G-5

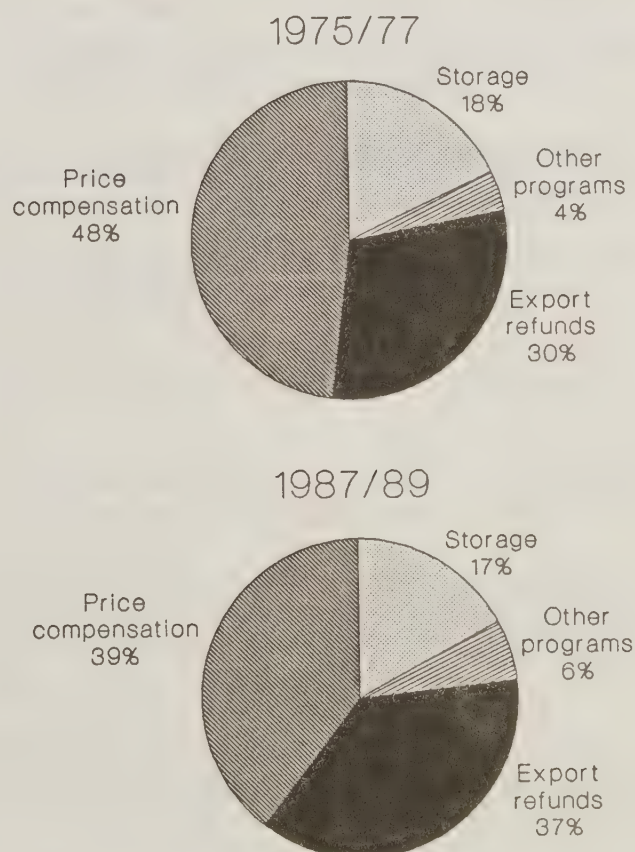
U.S. Budget Outlays by Program



Source: USDA.

Figure G-6

EC Budget Outlays by Program



Source: EC Commission.

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GLOSSARY

African, Caribbean, and Pacific States (ACPs). Participating in the Lome Convention that regulates economic relations between these countries and the European Community.

Aggregate measure of support. Countries use a wide array of trade and domestic policies to intervene in their agriculture sectors, making it difficult to compare the effects of these policies among countries. Aggregate measures have been developed to qualify the effects of policies to facilitate comparisons. Usually expressed in percent terms, they include the Nominal Rate of Protection, Effective Rate of Protection, and the Producer Subsidy Equivalent, and others.

Automatic stabilizers. Price cuts when production of grains, oilseeds and other products exceed specified ceilings, called Maximum Guaranteed Quantities (MGQs)

Common Agricultural Policy (CAP). The unified farm policy applied by EC members. The CAP deals with agricultural prices, structural improvements to agriculture, and internal and external agricultural trade.

Common Customs Tariff (CCT). The EC's list or schedule of articles of merchandise with the rate of duty to be paid for their importation from nonmember or "third" countries.

European Community (EC). Also referred to as the Community. An economic customs union originally composed of six members—Belgium, Luxembourg, France, Italy, West Germany, and the Netherlands. Denmark, Ireland, and the United Kingdom (UK) joined the EC January 1, 1973; Greece joined January 1, 1981. EC-10 refers to the Community of 10 members, before the accession of Spain and Portugal in 1986; EC-12 refers to the present Community of 12.

European Currency Unit (ECU). The core of the EMS, the ECU serves as the monetary denominator for the exchange rate, credit, and intervention mechanisms of the EMS. On April 9, 1979, the ECU became the standard value for transactions within the CAP including the determination of support prices, import levies, and export subsidies. The value of the ECU is calculated from a weighted basket of 10 member currencies and equal to an average of \$1.10 in 1989 and \$1.21 for January - May 1990.

European Economic Space (EES). The EC and the countries of EFTA are engaged in negotiations to create a European Economic Space, permitting the full implementation of the "four freedoms"—the free movement of goods, services, labor and capital—within their territories. The formation of the EES was first suggested in 1984, but formal negotiations began in June 1990.

European Monetary System (EMS). A common monetary arrangement for the Community, implemented in March 1979. It includes credit mechanisms and compulsory intervention to ensure greater stability of European exchange rates.

General Agreement on Tariffs and Trade (GATT). An agreement negotiated in 1947 among 23 countries, including the United States, to increase international trade by reducing tariffs and other trade barriers. In 1989, 96 countries belonged to the GATT.

Green currency (e.g., green pound, green lira). Indicates the use of green (agricultural) rates of exchange for CAP purposes.

Green rate of exchange. The exchange rate used to convert ECU into national currencies (and vice versa) in all financial and commercial transactions covered by the CAP.

Inward processing system. An arrangement that permits EC manufacturers of a processed good to import a third countries' raw materials, free of duties, levies, and MCAs, provided the processed product is exported within 6 months.

Maximum Guaranteed Quantity (MGQ). Production ceilings beyond which automatic price cuts (stabilizers) go into effect.

Monetary compensatory amounts (MCAs). Border taxes or subsidies that offset the divergence between the green rate of exchange and the actual market rate of exchange. For those countries in which currencies have depreciated, MCAs (negative MCAs) act as subsidies on imports and taxes on exports. For those countries in which currencies have appreciated, MCAs (positive MCAs) act as taxes on imports and subsidies on exports.

Producer Subsidy Equivalent (PSE). An aggregate measure of support or protection that estimates the portion of producer gross revenues that can be attributed to the effects of government programs, expressed in percentage terms.

Schengen Agreement. An agreement signed in June 1990 by West Germany, France, and the Benelux countries which allows for the free movement of people within the five countries.

Section 301. This section of the Trade Agreements Act of 1974 (amended) provides authority to respond to unfair trade practices that restrict U.S. trade by countries who have signed trade agreements with the United States. Responses may include rescinding trade concessions or imposing compensatory duties or fees on products imported from the country engaging in unfair trade practices.

Set-aside. A mechanism for limiting supply by removing agricultural land from production.

Threshold price. A minimum import price set by the EC under the CAP for certain commodities. Certain imports

from nonmember countries are subject to a levy which is equal to the difference between the threshold price and the minimum world price at EC ports.

Unit of account (UA). Prior to April 9, 1979, the standard value used by the EC for transactions within the CAP. In mid-March 1979, the agricultural unit of account was equal to about \$1.60. A different unit, called the European unit of account (EUA), was introduced in 1975. Its value in relation to the dollar is announced daily, and it is generally worth more than the agricultural unit of account.

Units of measure. The metric system is used in this report, unless otherwise indicated. The following are conversions to the U.S. system of weights and measures: 1 hectare, 2.471 acres; 1 metric ton, 2204.6 pounds; 1 kilogram, 2.2046 pounds; 1 liter, 1.0567 quarts; and 1 hectoliter, 26.418 gallons.

Value-added tax (VAT). A tax levied by each EC member country on domestic consumption. Prior to 1988 agreements by EC heads of state, EC member country contributions to the EC budget were 1.4 percent of the VAT base.

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Appendix table 1--Growth of real gross domestic product

Country	1986	1987	1988	1989
-- Percent change from previous year --				
European Community	2.6	2.6	3.9	3.5
Belgium	1.8	2.0	4.3	4.2
Denmark	3.6	-0.6	-0.2	1.1
France	2.3	2.4	3.8	3.7
Germany, West	2.3	1.7	3.6	4.0
Greece	0.8	0.0	3.9	2.9
Ireland	-1.1	5.6	1.2	4.0
Italy	2.5	3.0	4.2	3.2
Luxembourg	4.4	2.8	4.3	3.5
Netherlands	2.7	1.1	3.0	4.3
Portugal	4.1	5.3	3.9	5.4
Spain	3.3	5.6	5.2	4.9
United Kingdom	3.6	4.7	4.5	2.3
Other Western Europe	2.6	2.7	3.0	3.4
Austria	1.1	1.9	4.2	3.8
Finland	2.8	3.3	5.2	5.0
Iceland	7.4	8.7	-0.9	-3.8
Norway	4.2	3.5	0.9	5.0
Sweden	2.3	2.9	2.3	2.1
Switzerland	2.9	2.0	3.0	3.3
Western Europe	2.6	2.7	3.8	3.5
United States	2.7	3.7	4.4	3.0

Source: Organization for Economic Co-operation and Development.
OECD Economic Outlook. No. 47, Paris, June 1990, p.181.

Appendix table 2--Consumer prices

Country	1986	1987	1988	1989
-- Percent change from previous year --				
European Community	3.1	2.9	3.3	4.8
Belgium	1.3	1.6	1.2	3.1
Denmark	3.7	4.0	4.6	4.8
France	2.5	3.3	2.7	3.5
Germany, West	0.1	0.2	1.3	2.8
Greece	23.0	16.4	13.5	13.7
Ireland	3.9	3.1	2.2	4.1
Italy	5.9	4.7	5.1	6.2
Luxembourg	0.3	-0.1	1.5	3.4
Netherlands	0.1	-0.7	0.8	1.1
Portugal	11.7	9.4	9.6	12.6
Spain	8.8	5.3	4.8	6.8
United Kingdom	3.4	4.2	4.9	7.8
Other Western Europe	3.4	3.8	4.4	4.8
Austria	1.7	1.4	1.9	2.6
Finland	2.9	4.1	5.1	6.6
Iceland	21.9	17.8	25.8	20.8
Norway	7.2	8.7	6.7	4.6
Sweden	4.2	4.2	5.8	6.4
Switzerland	0.8	1.5	1.9	3.2
Western Europe	3.1	3.0	3.4	4.8
United States	1.9	3.7	4.0	4.8

Source: International Monetary Fund. International Financial
Statistics. Vol. XLIII, July 1990, p.73.

Appendix table 3--Unemployment rates

Country	1986	1987	1988	1989
----- Percent -----				
European Community	10.9	10.6	9.9	9.0
Belgium	11.6	11.3	10.3	9.3
Denmark	7.8	7.8	8.6	9.3
France	10.4	10.5	10.0	9.5
Germany, West	6.4	6.2	6.1	5.5
Greece	7.4	7.4	7.7	7.5
Ireland	17.4	17.5	16.7	15.5
Italy	11.2	12.1	12.1	12.1
Luxembourg	1.4	1.6	1.4	1.3
Netherlands	9.2	8.7	8.3	7.4
Portugal	8.6	7.1	5.8	5.3
Spain	21.0	20.5	19.5	17.3
United Kingdom	11.8	10.4	8.2	6.2
Other Western Europe	2.4	2.4	2.4	2.4
Austria	3.1	3.8	3.6	3.4
Finland	5.4	5.1	4.6	3.5
Iceland	0.6	0.5	0.6	1.7
Norway	2.0	2.1	3.2	5.0
Sweden	2.2	1.9	1.6	1.4
Switzerland	0.7	0.8	0.7	0.6
Western Europe	9.9	9.5	9.0	8.2
United States	7.0	6.2	5.5	5.3

Source: Organization for Economic Co-operation and Development.
OECD Economic Outlook. No. 47, Paris, June 1990, p.199.

Appendix table 4--Balance of payments on current accounts

Country	1986	1987	1988	1989
----- Billion U.S. dollars -----				
European Community	50.43	36.68	17.79	1.75
Belgium/Luxembourg	2.95	2.85	3.50	3.90
Denmark	-4.49	-3.00	-1.78	-1.40
France	2.43	-4.45	-3.55	-4.22
Germany, West	40.10	46.11	50.43	55.45
Greece	-1.68	-1.22	-0.96	-2.70
Ireland	-0.68	0.38	0.65	0.80
Italy	2.91	-1.66	-5.45	-11.10
Netherlands	3.62	3.68	5.47	6.96
Portugal	1.14	0.64	-0.63	-1.00
Spain	3.97	-0.23	-3.78	-11.64
United Kingdom	0.16	-6.42	-26.12	-33.30
Other Western Europe	0.93	-3.18	-3.63	0.96
Austria	0.09	-0.43	-0.46	-0.17
Finland	-0.73	-1.81	-3.00	-4.90
Iceland	0.02	-0.19	-0.23	0.10
Norway	-4.55	-4.15	-3.68	1.40
Sweden	0.06	-1.25	-2.55	-3.80
Switzerland	6.04	4.65	6.28	8.33
Western Europe	51.36	33.50	14.16	2.71
United States	-133.23	-143.70	-126.58	-105.90

Source: International Monetary Fund. International Financial Statistics. Vol. XLIII, July 1990, item 77a.d. and; THE WEFA GROUP. Developed Economies Pre-meeting Forecast, "World Economic Outlook," Vol. 1, April 1990 for '89 est. for UK, Portugal, Italy, Ireland, Greece, Iceland, Sweden, Norway, and Belgium-Lux.

Appendix table 5--Exchange rates: Western European currencies/U.S. dollar

Country	1986	1987	1988	1989
----- National currency/U.S. dollar -----				
European Community	1.019	0.866	0.845	0.907
Belgium-Luxembourg	44.671	37.334	36.768	39.404
Denmark	8.091	6.84	6.731	7.31
France	6.926	6.01	5.956	6.38
Germany, West	2.171	1.797	1.756	1.88
Greece	139.981	135.429	141.86	162.417
Ireland	0.745	0.672	0.655	0.705
Italy	1,490.8	1,296.1	1,301.6	1,372.1
Netherlands	2.45	2.025	1.976	2.12
Portugal	149.587	140.882	143.954	157.458
Spain	140.048	123.478	116.487	118.378
United Kingdom	0.682	0.61	0.561	0.61
Other Western Europe				
Austria	15.267	12.642	12.347	13.23
Finland	5.069	4.395	4.182	4.291
Iceland	41.104	38.677	43.014	57.041
Norway	7.394	6.737	6.517	6.904
Sweden	7.123	6.34	6.127	6.446
Switzerland	1.798	1.491	1.463	1.635

Source: International Monetary Fund. International Financial Statistics. Vol. XLIII, July 1990, items rf, rh, eb. For Western Europe (agg) = 1/eb for the US.

Appendix table 6--European Currency Unit (ECU) exchange rates: 1986-89

Country	1986	1987	1988	1989
----- National currency per ECU -----				
European Community				
Belgium-Luxembourg	43.802	43.038	43.426	43.378
Denmark	7.936	7.882	7.951	8.048
France	6.798	6.928	7.036	7.023
Germany, West	2.128	2.074	2.070	2.070
Greece	137.411	156.187	167.555	178.876
Ireland	0.732	0.776	0.776	0.777
Italy	1,462.060	1,494.660	1,537.270	1,510.670
Netherlands	2.402	2.333	2.334	2.334
Portugal	147.016	162.628	170.068	173.400
Spain	137.457	142.167	137.608	130.412
United Kingdom	0.669	0.708	0.664	0.672
United States	0.981	1.154	1.183	1.102

Source: International Monetary Fund. International Financial Statistics. Vol. XLIII, July 1990, items eb, and ed. Spain and Portugal 1989 figures from Eurostat, "External Trade," March 1990, pp. 146-147.

Appendix table 7--European Community agricultural policy prices, 1986/87-1990/91 1/

Product	Type of price	1986/87	1987/88	1988/89	1989/90	1990/91
----- ECU per ton -----						
Soft wheat	target	256.16	256.10	250.30	247.78	247.78
	intervention (bread)	179.44	179.44	179.44	179.44	179.44
	intervention (feed)	170.47	170.47	170.47	170.47	170.47
	threshold	250.81	251.39	245.68	234.44	NA
Durum wheat	target	357.70	357.70	334.91	315.39	304.41
	intervention	299.60	291.59	276.34	261.09	251.22
	aid/ha	113.79	121.80	137.05	158.98	171.43
	threshold	352.35	352.99	330.29	311.05	NA
Barley	target	233.86	223.80	228.00	225.48	225.48
	intervention	170.47	170.47	170.47	170.47	170.47
	threshold	228.51	229.09	223.38	221.14	NA
Corn	target	233.86	233.80	228.00	225.48	225.48
	intervention	179.44	179.44	179.44	179.44	179.44
	threshold	245.57	248.11	245.09	221.14	NA
Sorghum	target	233.86	233.80	228.00	225.48	225.48
	intervention	170.47	170.47	170.47	170.47	170.47
	threshold	228.51	229.09	223.38	221.14	NA
Rye	target	233.86	233.80	228.00	225.48	225.48
	intervention	170.47	170.47	170.47	170.47	170.47
	threshold	228.51	229.09	223.38	215.12	NA
Rice	target (husked)	548.37	548.37	549.85	546.88	546.88
	intervention (paddy)	314.19	314.19	314.19	314.19	314.19
	threshold (husked)	541.63	542.64	543.15	541.24	NA
Sugar beet	basic	40.89	40.89	40.89	40.07	40.07
	'A' quota	40.07	40.07	40.07	39.27	39.27
	'B' quota	27.81	24.74	27.81	27.25	27.25
Raw sugar	intervention	449.20	449.20	449.20	440.20	440.20
	threshold	574.00	574.00	567.50	556.10	NA
White sugar	target	570.30	570.30	570.30	558.90	NA
	intervention	541.80	541.80	541.80	531.00	531.00
	threshold	670.30	670.30	663.30	650.00	NA
Rapeseed	target	464.10	450.20	450.20	450.20	450.20
	intervention	421.50	407.60	407.60	407.60	407.60
Sunflower	target	583.50	583.50	583.50	583.50	583.50
	intervention	534.70	534.70	534.70	534.70	534.70
Soybeans	guide	575.80	558.50	558.50	558.50	558.50
	minimum	506.70	489.40	489.40	489.40	489.40
Olive oil	production target	3,225.60	3,225.60	3,225.60	3,225.60	3,225.60
	intervention	2,162.40	2,162.40	2,162.40	2,162.40	2,162.40
	production aid	709.50	709.50	709.50	709.50	709.50
Dried fodder	guide	178.92	178.92	178.92	178.92	178.92
Peas and beans	activating	509.60	457.20	447.60	447.60	447.60
	guide	328.00	295.20	295.20	295.20	295.20
	minimum, peas	286.30	257.70	257.70	257.70	257.70
	minimum, beans	276.20	248.60	248.60	238.70	238.70

See footnotes at end of table.

Continued--

Appendix table 7--European Community agricultural policy prices, 1986/87-1990/91--Continued

Product	Type of price	1986/87	1987/88	1988/89	1989/90	1990/91
		----- ECU per ton -----				
Lupins	activating	485.00	430.50	430.50	430.50	430.50
	minimum	321.10	289.00	289.00	289.00	289.00
Dairy	milk target	278.40	278.40	278.40	278.40	268.60
	butter intervention 2/	3,132.00	3,132.00	3,132.00	2,932.80	2,932.80
	SMP intervention 2/	1,740.40	1,740.40	1,740.40	1,727.30	1,727.30
	cheese intervention:					
	Grana padano					
	- 30 - 60 days	3,889.30	3,889.30	3,889.30	3,889.30	3,803.20
	- 6 months	4,803.30	4,803.30	4,803.30	4,803.30	4,712.40
	Parmigiano-Reggiano					
	- 6 months	5,291.90	5,291.90	5,291.90	5,291.90	5,201.00
Beef and veal	adult cattle					
	- guide (liveweight)	2,050.20	2,050.20	2,050.20	2,050.20	2,000.00
	- intervention					
	(carcass weight)	3,440.00	3,440.00	3,440.00	3,440.00	3,440.00
Sheepmeat	basic (slaughter wt.)	4,323.20	4,323.20	4,323.20	4,323.20	4,323.20
Pigmeat	basic (slaughter wt.)	2,033.30	2,033.30	2,033.30	2,033.30	1,900.00
Cotton	guide	960.20	960.20	960.20	960.20	960.20
	minimum	912.30	912.30	912.30	912.30	912.30
Table wine	guide					
	RI (ECU/degree hl)	3.42	3.35	3.35	3.27	3.22
	RII (ECU/degree hl)	3.42	3.35	3.35	3.27	3.22
	RIII (ECU/hl)	53.30	52.23	52.23	52.23	52.23
	AI (ECU/degree hl)	3.17	3.11	3.11	3.17	3.22
	AII (ECU/hl)	71.02	69.60	69.60	69.60	69.60
	AIII (ECU/hl)	81.11	79.49	79.49	79.49	79.49

NA = not available.

1/ Does not include the effects of the stabilizers.

2/ Including the effect of the reduction (2 percent for butter and 0.75 percent for milk powder) applied after the 1 percent increase in the milk quota.

Source: Commission of the European Communities, The Agricultural Situation in the Community, various issues; Agra Europe, April, 1990; European Report, May, 1990; and Herlihy, Michael, Stephen Magiera, Richard Henry, and Kenneth Bailey. Agricultural Statistics of the European Community, 1960-85. SB-770, US Dept. Agr., Econ. Res. Serv., Dec. 1988.

Appendix table 8--Agricultural conversion (green) rates for selected commodities, 1986/87-1990/91 1/

Commodity	Belgium Luxembourg	Denmark	France	Ireland	Italy	Netherlands	United Kingdom	West Germany	Greece	Spain	Portugal
----- National currency per ECU -----											
Cereals											
1986/87	46.8712	8.54064	7.09967	0.777581	1,539.000	2.70178	0.626994	2.39792	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.68801	0.656148	2.39792	134.174	154.213	171.725
1988/89	48.1754	8.79795	7.52958	0.837545	1,615.844	2.67456	0.665532	2.38586	149.326	154.213	188.007
1989/90	48.2869	8.93007	7.69787	0.856765	1,685.649	2.66089	0.702765	2.37360	197.277	154.213	195.637
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.66089	0.779553	2.37360	224.722	154.213	206.902
Rapeseed											
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90	48.2869	8.93007	7.69787	0.856765	1,685.649	2.63785	0.702765	2.36110	185.284	152.896	195.637
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.779553	2.34113	217.343	152.896	206.902
Sunflowerseed											
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90	48.2869	8.93007	7.69787	0.856765	1,687.942	2.63785	0.703016	2.36110	186.354	152.896	196.296
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.779553	2.34113	217.343	152.896	206.902
Soybean											
1986/87	46.8712	8.54064	7.09967	0.777639	1,539.000	2.68749	0.626994	2.38516	116.673	145.796	151.812
1987/88	48.0658	8.75497	7.47587	0.831375	1,597.000	2.67387	0.656148	2.38516	116.673	154.213	171.725
1988/89	48.1760	8.79819	7.51204	0.837579	1,615.948	2.64704	0.665584	2.36110	149.714	154.213	188.007
1989/90	48.2869	8.93007	7.69787	0.856765	1,690.235	2.63785	0.703267	2.36110	187.423	152.896	196.955
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.779553	2.34113	217.343	152.896	206.902
Beef and veal											
1986/87	47.2270	8.56291	7.26081	0.793710	1,546.000	2.68749	0.633719	2.38516	115.064	146.891	150.335
1987/88	47.8663	8.70938	7.65709	0.837228	1,598.000	2.68749	0.699462	2.38516	122.692	153.529	166.392
1988/89	48.0684	8.76281	7.70591	0.845315	1,616.526	2.64704	0.710546	2.36110	135.803	155.786	188.007
1989/90	48.2869	8.93007	7.85183	0.873900	1,690.136	2.63785	0.730794	2.35053	168.486	155.786	194.340
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.795232	2.34113	199.603	155.786	206.902
Pork											
1986/87	47.3310	8.63986	7.59666	0.823156	1,565.000	2.68749	0.658594	2.38516	117.503	148.154	157.543
1987/88	48.0467	8.88697	7.73579	0.843427	1,674.000	2.67387	0.698007	2.38516	137.965	155.353	171.725
1988/89	48.2468	8.91998	7.76928	0.856591	1,708.981	2.64704	0.722777	2.36110	161.594	148.670	188.007
1989/90	48.2869	8.93007	7.85183	0.856765	1,719.621	2.63785	0.740578	2.36110	195.637	148.021	195.637
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.838723	2.34113	224.261	149.192	206.902
Sheep and goat											
1986/87	47.1954	8.55705	7.26653	0.786347	1,543.000	2.68749	0.633123	2.38516	144.812	146.791	152.848
1987/88	47.7076	8.58163	7.54539	0.817756	1,554.000	2.67387	0.652375	2.38516	140.772	151.806	172.294
1988/89	47.3110	8.58163	7.54539	0.817756	1,554.000	2.67387	0.625575	2.36110	150.275	151.806	181.888
1989/90	48.2869	8.93007	7.69787	0.856765	1,708.260	2.63785	0.702195	2.35053	211.110	153.315	199.548
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.779553	2.34113	224.589	152.756	206.902
Milk and milk products											
1986/87	46.4118	8.41499	7.28928	0.793710	1,546.000	2.71620	0.633719	2.41047	115.064	146.891	150.335
1987/88	47.6391	8.67021	7.43513	0.828538	1,598.000	2.70577	0.658095	2.41047	123.186	154.074	166.392
1988/89	48.1059	8.86715	7.50258	0.835193	1,622.616	2.66530	0.670360	2.38591	135.917	155.786	188.007
1989/90	48.2869	8.93007	7.69787	0.856765	1,690.136	2.63785	0.707632	2.35053	168.486	155.786	194.340
1990/91	48.2869	8.93007	7.85183	0.873900	1,751.670	2.63785	0.758185	2.34113	199.603	154.794	206.902

1/ Agricultural conversion (green) rates are set at various times during the year. The conversion rates above are weighted marketing year averages where the weights are determined by the number of days each conversion rate is in effect.

2/ The 1990/91 green rates are those issued by the Commission for the start of the 1990/91 marketing year and are not a weighted average. The dairy and beef green rates went into effect on May 14, 1990. Rates for other commodities apply from the beginning of their respective marketing years.

Source: Herlihy, Michael, Stephen Magiera, Richard Henry, and Kenneth Bailey. Agricultural Statistics of the European Community, 1960-85. SB-770, US Dept. Agr., Econ. Res. Serv., Dec. 1988; Agra Europe, Apr., 1989; Cap Monitor; and the Official Journal of the European Communities, No L25/21, Jan., 1989, No L8/48, Jan., 1990, No 1179/90, May, 1990.

Appendix table 9--European Agricultural Guidance and Guarantee Fund (EAGGF) guarantee expenditures, 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987 1/	1988 2/
----- Million ECU -----									
Cereals	1,669	1,921	1,825	2,441	1,650	2,311	3,392	4,138	4,264
Export refunds	1,175	1,206	1,065	1,525	918	1,077	1,712	3,071	2,925
Intervention	494	715	760	916	732	1,234	1,680	1,067	1,340
Production refunds	148	129	135	130	176	181	178	236	393
Durum aid	129	171	166	219	200	243	211	256	275
Storage	213	342	453	566	356	810	1,347	937	1,275
Corresponsibility levy	--	--	--	--	--	--	-56	-379	-678
Rice	59	22	50	93	48	50	94	99	73
Export refunds	44	17	41	68	27	37	92	95	61
Intervention	14	5	9	25	21	14	2	4	12
Sugar	575	768	1,242	1,316	1,632	1,805	1,725	2,036	2,082
Export refunds	286	409	744	758	1,190	1,353	1,238	1,516	1,566
Intervention	289	358	498	558	442	452	487	520	516
Storage	273	344	490	551	430	440	471	469	429
Oils and fats 3/	687	1,025	1,214	1,621	1,752	1,803	2,632	3,827	3,917
Export refunds	4	8	13	13	9	23	32	87	89
Intervention	684	1,017	1,201	1,608	1,744	1,780	2,600	3,739	3,828
Storage	30	46	56	9	69	5	49	61	88
Dairy	4,752	3,343	3,328	4,396	5,442	5,933	5,406	5,013	5,915
Export refunds	2,746	1,886	1,521	1,327	1,943	2,028	2,155	2,258	3,014
Intervention	2,006	1,456	1,806	3,069	3,498	3,905	3,251	2,755	2,901
Skim milk aid	1,282	1,157	1,311	1,631	1,841	1,827	1,950	1,743	1,623
Skim milk storage	21	83	135	635	820	580	384	244	-11
Butter storage	440	215	197	411	830	1,326	1,035	706	708
Butter disposal	208	212	414	494	450	403	202	253	242
Cost to milk producers	-223	-479	-573	-527	-749	-637	-717	-601	-536
Market extension	109	106	106	154	184	210	205	311	782
Beef and veal	1,363	1,437	1,159	1,737	2,547	2,746	3,481	2,149	2,477
Export refunds	716	825	644	828	1,393	1,339	1,214	878	769
Intervention	648	612	515	908	1,154	1,407	2,267	1,271	1,707
Storage	504	393	342	632	815	1,094	2,031	1,050	1,246
Sheepmeat intervention	54	192	252	306	434	502	617	574	1,294
Pork	116	155	112	145	196	166	152	159	215
Export refunds	92	133	96	120	157	103	75	112	172
Intervention	24	22	16	25	39	63	77	47	43
Poultry export refunds	86	84	104	123	70	63	98	152	194
Eggs	18	18	24	30	20	18	27	29	33
Poultry	68	66	80	93	49	45	71	123	161
Fruit and vegetables	687	641	914	1,196	1,455	1,231	986	967	708
Export refunds	41	43	60	58	59	75	77	67	65
Intervention	646	598	855	1,138	1,396	1,156	909	900	644
Other products	969	1,316	1,894	2,057	2,772	2,908	3,015	3,062	4,364
Export refunds	264	327	477	399	438	491	546	654	689
Intervention	705	990	1,417	1,658	2,334	2,417	2,469	2,408	3,675
Total market organization	11,016	10,903	12,093	15,431	17,996	19,517	21,598	22,262	25,503
Accession compensatory amounts (ACA)	--	--	--	--	--	--	6	18	64
Monetary compensatory amounts (MCA)	299	238	313	488	376	190	476	637	505
Depreciation of intervention stocks	--	--	--	--	--	--	--	--	1,240
Community compensation measures	--	--	--	--	--	136	114	--	--
Food aid refunds 4/	--	--	--	--	--	--	--	259	243
Total EAGGF guarantee expenditures	11,315	11,141	12,406	15,920	18,372	19,843	22,193	23,176	27,658

'--' indicates none or negligible.

1/ Expenditure charged against the 1987 budget (Jan. 1, 1987 to Oct. 31, 1987); remainder of year budgeted against 1988.

2/ Expenditure charged against the 1988 budget (Nov. 1, 1987 to Oct. 15, 1988); remainder of year budgeted against 1989.

3/ Oils and fats include olive oil and oilseeds.

4/ Food aid refunds included in refunds by commodity group prior to 1987.

Source: Herlihy, M., S. Magiera, R. Henry and K. Bailey. Agricultural Statistics of the European Community, 1960-85. Statistical Bulletin No. 770. U.S. Dept. Agr., Econ. Res. Serv., Jan. 1989; and Commission of the European Communities, The Agricultural Situation in the Community, various issues.

Appendix table 10--EC intervention stocks, 1978-89 1/

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
	----- 1,000 tons -----											
Common wheat	1,051	1,878	4,930	2,968	6,887	6,820	6,463	11,902	8,560	6,823	4,138	2,660
Durum wheat	150	143	157	309	801	737	853	986	1,023	1,530	2,336	1,130
Barley	182	74	1,082	848	1,681	1,673	1,636	4,651	3,793	4,326	3,572	3,260
Rye	601	582	517	343	299	311	441	1,108	1,148	1,055	876	1,090
Corn	--	--	--	--	--	--	--	--	190	23	18	780
Sorghum	--	--	--	--	--	--	--	--	3	8	11	--
Sugar	--	--	--	--	--	--	43	--	16	--	--	--
Olive oil	105	53	74	140	181	121	167	75	283	325	408	110
Rapeseed	1	10	82	24	39	--	58	--	--	--	38	--
Sunflowerseed	--	--	--	--	--	--	--	--	28	--	147	--
Leaf tobacco	--	--	--	--	4	4	3	7	27	3	1)	--
Processed tobacco	--	--	--	--	4	11	7	4	7	20	6)	58
Baled tobacco	22	28	29	39	29	15	4	4	6	5	40)	--
Skimmed milk powder	722	215	231	298	605	957	773	514	847	722	14	5
Butter	258	293	147	14	139	686	973	1,018	1,297	1,058	221	30
Beef carcasses	136	203	209	146	156	301	468	589	452	484	559	180
Boned beef	79	85	105	64	61	89	127	214	220	207	164	60
Preserved beef	37	3	--	--	--	--	--	--	--	--	--	--
Pigmeat	--	--	--	--	--	--	--	26	--	--	--	--

1/ For 1978-82 stocks as of December 31, for 1983-86 stocks as of November 30, for 1987-1989 as of September 30; EC-9 for 1978-80, EC-10 for 1981-85, and EC-12 for 1986-88.

Source: Commission of the European Communities, Commission Proposals on the Prices for Agricultural Products and Related Measures (1990/91), COM(89) 660 final, Brussels, Jan. 5, 1990 and The Agricultural Situation in the Community, various issues.

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1986	198	6.78	1,342	316	1,120	723	425	1,299	1,724	331
1987	199	5.60	1,114	331	1,565	759	400	1,489	1,889	362
1988	204	6.48	1,321	362	1,450	969	375	1,569	1,944	220
1989	219	6.75	1,478	220	1,350	750	375	1,683	2,058	240
1990	230	6.63	1,525	240	1,300	912	325	1,575	1,900	253
Denmark										
1986	354	6.15	2,177	308	140	450	1,550	169	1,719	456
1987	398	5.74	2,285	456	123	596	1,440	385	1,825	443
1988	309	6.73	2,080	443	38	705	1,150	405	1,555	301
1989	446	7.22	3,221	301	7	951	1,525	533	2,058	520
1990	585	6.50	3,800	520	30	1,400	1,950	500	2,450	500
France										
1986	4,905	5.44	26,665	4,023	281	15,604	5,239	6,377	11,616	3,749
1987	4,959	5.49	27,234	3,749	165	16,441	5,723	5,484	11,207	3,500
1988	4,807	6.15	29,540	3,500	350	18,843	5,770	6,237	12,007	2,540
1989	5,030	6.35	31,950	2,540	160	19,100	5,450	6,350	11,800	3,750
1990	5,180	6.37	33,000	3,750	350	19,000	6,000	6,300	12,300	5,800
Germany, Fed. Rep.										
1986	872	2.52	2,200	202	268	460	60	1,575	1,635	575
1987	869	2.44	2,118	575	320	550	100	1,680	1,780	683
1988	880	2.61	2,300	683	270	1,200	60	1,590	1,650	403
1989	890	2.23	1,984	403	300	800	50	1,317	1,367	520
1990	650	2.15	1,400	520	320	650	40	1,260	1,300	290
Greece										
1986	76	5.25	399	50	417	109	323	404	727	30
1987	57	6.54	373	30	462	104	300	366	666	95
1988	60	6.95	417	95	328	55	300	442	742	43
1989	63	7.10	447	43	320	60	265	440	705	45
1990	70	6.94	486	45	300	65	275	441	716	50
Ireland										
1986	3,136	2.90	9,102	1,400	4,988	1,832	1,900	9,308	11,208	2,450
1987	3,087	3.04	9,381	2,450	4,271	2,591	1,600	9,261	10,861	2,650
1988	2,876	2.76	7,952	2,650	5,500	3,600	1,400	9,452	10,852	1,650
1989	2,965	2.50	7,412	1,650	5,100	2,400	1,350	9,412	10,762	1,000
1990	2,835	2.82	8,000	1,000	4,900	2,300	1,150	9,450	10,600	1,000
Italy										
1986	118	7.97	940	233	1,578	752	552	1,196	1,748	251
1987	111	6.93	769	251	1,700	750	550	1,261	1,811	159
1988	114	7.25	827	159	1,796	532	555	1,542	2,097	153
1989	138	7.59	1,047	153	1,700	850	510	1,290	1,800	250
1990	145	7.41	1,075	250	1,475	550	490	1,510	2,000	250
Netherlands										
1986	317	1.58	502	285	573	28	1,102	1,130	230	--
1987	324	1.65	534	230	416	28	1,002	1,030	150	--
1988	294	1.34	394	150	650	80	1,014	1,094	100	--
1989	334	1.81	605	100	500	60	1,045	1,105	100	--
1990	180	1.72	310	100	800	55	1,045	1,100	110	--
United Kingdom										
1986	2,114	2.08	4,392	301	1,095	200	1,188	4,300	5,488	100
1987	2,223	2.59	5,768	100	553	614	1,507	4,200	5,707	100
1988	2,333	2.65	6,173	100	250	350	1,873	4,000	5,873	300
1989	2,295	2.27	5,200	300	200	300	1,200	4,000	5,200	200
1990	1,950	2.36	4,600	200	500	400	800	4,000	4,800	100
Portugal										
1986	1,997	6.97	13,910	4,434	1,250	5,400	5,800	5,064	10,864	3,330
1987	1,994	5.99	11,940	3,330	2,165	2,520	5,710	6,180	11,890	3,025
1988	1,886	6.23	11,750	3,025	1,155	2,200	5,215	6,285	11,500	2,230
1989	2,106	6.74	14,200	2,230	1,000	4,500	5,300	6,200	11,500	1,430
1990	2,050	7.07	14,500	1,430	1,000	3,500	5,600	6,400	12,000	1,430
Spain										
1986	1,648	6.31	10,406	4,773	1,773	2,513	4,667	4,149	8,816	5,623
1987	1,671	5.94	9,932	5,623	2,029	3,440	4,605	4,971	9,576	4,568
1988	1,743	6.84	11,922	4,568	2,000	3,700	5,200	5,000	10,200	4,590
1989	1,777	6.21	11,032	4,590	1,600	2,800	4,900	5,000	9,900	4,522
1990	1,720	6.74	11,600	4,522	2,000	3,000	5,200	5,100	10,300	4,822
Total EC-12										
1986	15,735	4.58	72,035	16,325	13,483	28,043	21,732	34,943	56,675	17,125
1987	15,892	4.50	71,448	17,125	13,769	28,365	21,963	36,279	58,242	15,735
1988	15,506	4.82	74,676	15,735	13,787	32,154	21,978	37,536	59,514	12,530
1989	16,263	4.83	78,576	12,530	12,237	32,511	20,985	37,270	58,255	12,577
1990	15,595	5.15	80,296	12,577	12,975	31,777	21,885	37,581	59,466	14,605

See footnotes at end of table.

Continued--

Appendix table 11--Supply and use of wheat in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
Other Western Europe										
Austria										
1986	324	4.37	1,415	258	539	361	549	910	224	--
1987	320	4.53	1,451	224	608	270	538	808	259	--
1988	292	5.34	1,560	259	694	378	551	929	196	--
1989	278	4.90	1,363	196	424	343	542	885	250	--
1990	265	5.17	1,370	250	550	310	550	860	210	--
Finland										
1986	166	3.19	529	551	27	61	94	400	494	552
1987	139	2.02	281	552	128	3	120	400	520	438
1988	109	2.61	285	438	125	26	157	350	507	315
1989	151	3.36	507	315	34	25	82	351	433	398
1990	160	3.13	500	398	50	25	50	350	400	523
Norway										
1986	50	3.16	158	350	265	70	345	415	358	--
1987	58	3.97	230	358	211	100	350	450	349	--
1988	31	6.45	200	349	220	70	345	415	354	--
1989	40	3.85	154	354	220	70	358	428	300	--
1990	40	4.38	175	300	250	60	375	435	290	--
Sweden										
1986	311	5.56	1,730	317	54	820	198	765	963	318
1987	325	4.79	1,558	318	80	589	426	617	1,043	324
1988	251	5.16	1,295	324	53	233	486	607	1,093	346
1989	285	6.19	1,764	346	40	630	518	627	1,145	375
1990	336	5.63	1,890	375	40	800	466	662	1,128	377
Switzerland										
1986	94	5.09	478	570	286	210	550	760	574	--
1987	93	4.84	450	574	277	200	551	751	550	--
1988	91	5.93	540	550	280	200	575	775	595	--
1989	91	6.37	580	595	280	200	580	780	675	--
1990	90	6.00	540	675	210	790	790	635	--	--
Total Other Western Europe										
1986	946	4.56	4,313	2,048	727	1,420	933	2,707	3,640	2,028
1987	936	4.24	3,973	2,028	798	1,200	1,116	2,561	3,677	1,922
1988	775	5.01	3,883	1,922	783	953	1,291	2,536	3,827	1,808
1989	846	5.17	4,371	1,808	679	1,079	1,213	2,566	3,779	2,000
1990	892	5.02	4,478	2,000	655	1,375	886	2,835	3,721	2,037
Total Western Europe										
1986	16,681	4.58	76,348	18,373	14,210	29,463	22,665	37,650	60,315	19,153
1987	16,828	4.48	75,421	19,153	14,567	29,565	23,079	38,840	61,919	17,657
1988	16,281	4.83	78,559	17,657	14,570	33,107	23,269	40,072	63,341	14,338
1989	17,109	4.85	82,947	14,338	12,916	33,590	22,198	39,836	62,034	14,577
1990	16,487	5.14	84,774	14,577	13,630	33,152	22,771	40,416	63,187	16,642

/--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 12--Supply and use of corn in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1986	8	6.63	53	--	1,642	541	430	825	1,255	--
1987	6	6.67	40	--	1,326	467	280	619	899	--
1988	7	7.71	54	--	1,226	209	374	697	1,071	--
1989	8	7.75	62	--	1,180	170	392	680	1,072	--
1990	8	7.50	60	--	1,230	210	381	699	1,080	--
Denmark										
1986	--	--	--	12	40	--	20	18	38	12
1987	--	--	--	9	50	--	27	26	53	9
1988	--	--	--	10	50	--	15	34	49	10
1989	--	--	--	10	40	--	10	30	40	10
1990	--	--	--	10	40	--	10	30	40	10
France										
1986	1,869	6.14	11,470	2,176	285	6,287	5,067	1,520	6,587	2,176
1987	1,737	7.17	12,454	2,197	222	6,395	4,549	1,711	6,260	2,197
1988	1,995	7.31	14,578	3,467	151	6,685	5,120	1,654	6,774	3,467
1989	1,879	6.96	13,070	2,600	100	7,470	4,870	1,697	6,567	2,600
1990	1,780	6.46	11,500	1,300	100	6,300	5,010	1,590	6,600	1,300
Germany, Fed. Rep.										
1986	201	9.56	1,921	227	660	580	1,660	147	1,807	227
1987	245	9.39	2,300	272	275	630	1,770	130	1,900	272
1988	228	8.11	1,850	309	100	135	1,650	128	1,778	309
1989	180	9.17	1,650	244	100	50	1,650	115	1,765	244
1990	165	8.79	1,450	144	75	100	1,450	75	1,525	144
Greece										
1986	--	--	--	4	77	1	45	32	77	4
1987	--	--	--	8	70	--	41	25	66	8
1988	--	--	--	5	63	--	57	9	66	5
1989	--	--	--	6	60	--	50	9	59	6
1990	--	--	--	5	50	--	42	9	51	5
Ireland										
1986	849	7.54	6,401	250	1,014	281	6,290	894	7,184	250
1987	768	7.50	5,762	500	1,731	164	6,150	929	7,079	500
1988	843	7.49	6,318	450	1,010	190	6,250	938	7,188	450
1989	807	7.93	6,400	250	800	150	6,300	950	7,250	250
1990	820	7.93	6,500	300	1,000	120	6,480	850	7,330	300
Italy										
1986	--	--	--	125	2,075	50	1,125	900	2,025	125
1987	--	--	--	67	1,933	160	776	1,055	1,831	67
1988	--	--	--	70	1,996	43	889	1,061	1,950	70
1989	--	--	--	65	2,020	50	900	1,075	1,975	65
1990	--	--	--	50	1,935	50	800	1,100	1,900	50
Netherlands										
1986	258	2.43	628	272	836	--	1,408	130	1,538	272
1987	220	2.82	620	181	670	--	1,251	130	1,381	181
1988	250	2.59	647	180	594	--	1,000	242	1,242	180
1989	260	2.59	674	157	540	--	1,000	237	1,237	157
1990	266	2.59	690	157	520	--	1,000	210	1,210	157
United Kingdom										
1986	524	6.53	3,424	--	977	246	4,036	619	4,655	--
1987	540	6.53	3,526	364	1,855	600	3,767	650	4,417	364
1988	556	6.40	3,557	300	2,150	450	4,691	630	5,321	300
1989	510	6.08	3,100	280	1,500	160	3,860	600	4,460	280
1990	400	5.75	2,300	200	2,200	100	3,680	800	4,480	200
Portugal										
1986	--	--	--	60	1,485	25	260	1,180	1,440	60
1987	--	--	--	65	1,385	5	245	1,130	1,375	65
1988	--	--	--	35	1,400	10	265	1,155	1,420	35
1989	--	--	--	40	1,535	--	260	1,270	1,530	40
1990	--	--	--	40	1,450	--	250	1,200	1,450	40
Spain										
1986	187	6.96	1,302	346	1,160	121	1,277	1,064	2,341	346
1987	194	6.27	1,217	404	1,255	157	1,183	1,074	2,257	404
1988	199	7.72	1,536	275	1,220	210	1,580	1,095	2,675	275
1989	209	7.53	1,573	300	760	150	1,050	1,108	2,158	300
1990	200	7.50	1,500	280	1,300	150	1,525	1,145	2,670	280
Total EC-12										
1986	3,896	6.47	25,199	3,472	10,251	8,132	21,618	7,329	28,947	3,472
1987	3,710	6.99	25,919	4,067	10,772	8,578	20,039	7,479	27,518	4,067
1988	4,078	7.00	28,540	5,101	9,960	7,932	21,891	7,643	29,534	5,101
1989	3,853	6.89	26,529	3,952	8,635	8,200	20,342	7,771	28,113	3,952
1990	3,639	6.60	24,000	2,486	9,900	7,030	20,628	7,708	28,336	2,486

See footnotes at end of table.

Continued--

Appendix table 12--Supply and use of corn in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
Other Western Europe										
Austria										
1986	217	8.02	1,740	115	4	340	1,345	137	1,482	115
1987	207	8.14	1,685	126	13	229	1,314	144	1,458	126
1988	200	8.50	1,700	126	13	222	1,341	150	1,491	126
1989	194	7.69	1,491	120	20	140	1,065	312	1,377	120
1990	189	8.47	1,600	118	20	250	1,250	122	1,372	118
Finland										
1986	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--
Norway										
1986	--	--	--	3	6	--	5	--	5	3
1987	--	--	--	3	7	--	7	--	7	3
1988	--	--	--	4	8	--	7	--	7	4
1989	--	--	--	5	8	--	7	--	7	5
1990	--	--	--	5	15	--	10	5	15	5
Sweden										
1986	--	--	--	3	10	--	8	2	10	3
1987	3	4.00	12	3	9	--	21	--	21	3
1988	3	4.00	12	3	--	--	12	--	12	3
1989	3	4.00	12	3	9	--	21	--	21	3
1990	3	4.00	12	3	5	--	17	--	17	3
Switzerland										
1986	22	7.91	174	101	174	1	337	9	346	101
1987	20	7.20	144	116	217	--	341	5	346	116
1988	25	9.48	237	125	150	--	370	8	378	125
1989	24	8.13	195	124	65	--	240	21	261	124
1990	25	8.00	200	124	150	--	330	20	350	124
Total Other Western Europe										
1986	239	8.01	1,914	222	204	341	1,695	158	1,853	222
1987	230	8.00	1,841	248	286	229	1,683	189	1,872	248
1988	228	8.55	1,949	258	221	222	1,730	208	1,938	258
1989	221	7.68	1,698	252	152	140	1,333	383	1,716	252
1990	217	8.35	1,812	250	240	250	1,607	197	1,804	250
Total Western Europe										
1986	4,135	6.56	27,113	3,694	10,455	8,473	23,313	7,487	30,800	3,694
1987	3,940	7.05	27,760	4,315	11,058	8,807	21,722	7,668	29,390	4,315
1988	4,306	7.08	30,489	5,359	10,181	8,154	23,621	7,851	31,472	5,359
1989	4,074	6.93	28,227	4,204	8,787	8,340	21,675	8,154	29,829	4,204
1990	3,856	6.69	25,812	2,736	10,140	7,280	22,235	7,905	30,140	2,736

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 13--Supply and use of barley in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1986	147	5.98	879	5	931	355	540	891	1,431	32
1987	140	5.27	738	32	1,105	395	540	921	1,461	19
1988	137	5.85	802	19	1,169	540	530	920	1,450	--
1989	122	5.68	693	--	1,120	400	493	920	1,413	--
1990	109	5.73	625	--	1,100	210	480	1,030	1,510	5
Denmark										
1986	1,078	4.76	5,134	538	40	1,100	3,600	451	4,051	561
1987	943	4.55	4,292	561	122	813	3,214	408	3,622	540
1988	1,165	4.65	5,419	540	50	1,600	3,420	667	4,087	322
1989	1,001	4.98	4,982	322	50	1,400	3,275	415	3,690	264
1990	950	4.58	4,350	264	50	900	2,650	874	3,524	240
France										
1986	2,075	4.80	9,950	1,221	259	3,565	4,543	1,821	6,364	1,501
1987	1,967	5.35	10,528	1,501	107	4,390	4,576	1,689	6,265	1,481
1988	1,862	5.26	9,800	1,481	115	4,746	3,950	1,720	5,670	980
1989	1,825	5.39	9,840	980	100	4,700	3,685	1,905	5,590	630
1990	1,800	5.56	10,000	630	100	4,300	3,700	1,810	5,510	920
Germany Fed. Rep.										
1986	284	2.60	739	90	103	--	680	165	845	87
1987	267	2.34	626	87	196	--	670	160	830	79
1988	220	2.50	550	79	150	--	527	140	667	112
1989	225	2.22	500	112	150	--	573	160	733	29
1990	175	2.00	350	29	150	--	430	70	500	29
Greece										
1986	283	4.73	1,338	50	16	268	925	181	1,106	30
1987	276	5.39	1,487	30	100	441	892	200	1,092	84
1988	266	5.15	1,370	84	2	362	750	294	1,044	50
1989	258	5.26	1,357	50	3	300	780	260	1,040	70
1990	255	5.16	1,315	70	5	300	780	260	1,040	50
Ireland										
1986	465	3.32	1,543	200	956	9	2,200	340	2,540	150
1987	445	3.84	1,708	150	903	1	2,200	360	2,560	200
1988	450	3.47	1,561	200	888	10	2,200	339	2,539	100
1989	473	3.31	1,565	100	900	--	2,115	350	2,465	100
1990	490	3.47	1,700	100	800	--	2,150	350	2,500	100
Italy										
1986	42	6.24	262	55	583	75	575	200	775	50
1987	50	5.24	262	50	613	75	220	553	773	77
1988	63	4.79	302	77	648	50	550	260	810	167
1989	50	5.02	251	167	1,070	500	438	475	913	75
1990	45	4.89	220	75	700	125	550	245	795	75
Netherlands										
1986	87	1.03	90	8	140	--	150	72	222	16
1987	84	1.19	100	16	65	--	110	66	176	5
1988	74	0.69	51	5	85	--	72	64	136	5
1989	125	0.70	87	5	65	--	82	65	147	10
1990	45	0.67	30	10	87	--	53	70	123	4
United Kingdom										
1986	4,340	1.71	7,431	900	720	52	6,849	1,400	8,249	750
1987	4,352	2.13	9,282	750	135	1,104	7,226	1,300	8,526	537
1988	4,175	2.89	12,070	537	30	1,400	7,900	1,300	9,200	2,037
1989	4,260	2.14	9,100	2,037	30	1,200	7,867	1,300	9,167	800
1990	4,435	2.14	9,500	800	20	1,000	7,600	1,400	9,000	320
Portugal										
1986	1,917	5.22	10,015	2,465	195	4,565	4,430	2,125	6,555	1,555
1987	1,831	5.04	9,225	1,555	275	2,965	4,255	2,275	6,530	1,560
1988	1,913	4.55	8,705	1,560	300	2,900	4,050	2,320	6,370	1,295
1989	1,662	4.86	8,070	1,295	100	2,000	4,120	2,300	6,420	1,045
1990	1,640	4.76	7,800	1,045	300	1,800	4,150	2,350	6,500	845
Spain										
1986	1,947	4.82	9,377	2,236	968	1,208	5,986	2,412	8,398	2,975
1987	1,849	4.64	8,571	2,975	1,067	1,110	6,387	2,641	9,028	2,475
1988	1,836	5.22	9,587	2,475	900	1,735	5,925	2,977	8,902	2,325
1989	1,746	5.56	9,716	2,325	800	1,300	6,400	2,866	9,266	2,275
1990	1,690	5.36	9,050	2,275	800	1,900	6,000	2,200	8,200	2,025
Total EC-12										
1986	12,665	3.69	46,758	7,771	4,911	11,197	30,478	10,058	40,536	7,707
1987	12,204	3.84	46,819	7,707	4,688	11,294	30,290	10,573	40,863	7,057
1988	12,161	4.13	50,217	7,057	4,337	13,343	29,874	11,001	40,875	7,393
1989	11,747	3.93	46,161	7,393	4,388	11,800	29,828	11,016	40,844	5,298
1990	11,634	3.86	44,940	5,298	4,112	10,535	28,543	10,659	39,202	4,613

See footnotes at end of table.

Continued--

Appendix table 13--Supply and use of barley in Western Europe, 1986-1990 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons			
Other Western Europe										
Austria										
1986	332	3.89	1,293	31	1	23	950	236	1,186	116
1987	291	4.05	1,179	116	59	85	916	276	1,192	77
1988	292	4.68	1,366	77	--	150	940	264	1,204	89
1989	292	4.87	1,422	89	1	200	960	262	1,222	90
1990	288	4.69	1,350	90	--	150	950	250	1,200	90
Finland										
1986	589	2.91	1,714	254	5	221	1,178	280	1,458	294
1987	583	2.24	1,306	294	--	--	1,095	310	1,405	195
1988	682	2.36	1,612	195	14	11	1,080	444	1,524	286
1989	517	3.15	1,630	286	--	50	1,080	417	1,497	369
1990	540	2.96	1,600	369	--	100	1,050	450	1,500	369
Norway										
1986	174	3.13	545	192	246	--	660	121	781	202
1987	176	2.98	525	202	128	--	637	45	682	173
1988	161	3.37	543	173	165	--	640	60	700	181
1989	170	3.19	543	181	130	--	650	50	700	154
1990	170	3.29	560	154	150	--	660	65	725	139
Sweden										
1986	638	3.65	2,327	198	14	361	1,868	150	2,018	160
1987	545	3.50	1,907	160	64	103	1,649	194	1,843	185
1988	537	3.50	1,879	185	10	51	1,652	186	1,838	185
1989	480	3.94	1,889	185	--	10	1,650	214	1,864	200
1990	470	3.88	1,825	200	20	10	1,680	170	1,850	185
Switzerland										
1986	55	4.18	230	258	217	--	470	5	475	230
1987	51	4.69	239	230	211	--	460	5	465	215
1988	54	5.54	299	215	164	--	462	5	467	211
1989	55	5.45	300	211	160	--	450	11	461	210
1990	53	5.09	270	210	200	--	460	10	470	210
Other Western Europe										
1986	1,789	3.42	6,111	933	533	605	5,126	844	5,970	1,002
1987	1,647	3.13	5,158	1,002	492	188	4,757	862	5,619	845
1988	1,727	3.30	5,701	845	388	212	4,774	996	5,770	952
1989	1,515	3.82	5,786	952	341	260	4,790	1,006	5,796	1,023
1990	1,522	3.68	5,607	1,023	420	260	4,800	997	5,797	993
Total Western Europe										
1986	14,454	3.66	52,869	8,704	5,444	11,802	35,604	10,902	46,506	8,709
1987	13,851	3.75	51,977	8,709	5,180	11,482	35,047	11,435	46,482	7,902
1988	13,888	4.03	55,918	7,902	4,725	13,555	34,648	11,997	46,645	8,345
1989	13,262	3.92	51,947	8,345	4,729	12,060	34,618	12,022	46,640	6,321
1990	13,156	3.84	50,547	6,321	4,532	10,795	33,343	11,656	44,999	5,606

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 14--Supply and use of rye in Western Europe, 1986-1990 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons			
European Community										
Belgium-Luxembourg										
1986	10	5.50	55	--	13	4	54	10	64	--
1987	13	4.31	56	--	13	2	57	10	67	--
1988	11	5.09	56	--	14	2	55	13	68	--
1989	10	5.40	54	--	15	2	54	13	67	--
1990	11	5.18	57	--	15	4	55	13	68	--
Denmark										
1986	120	4.55	546	450	1	200	100	267	367	430
1987	136	3.77	513	430	--	333	303	99	402	208
1988	81	4.52	366	208	--	100	150	124	274	200
1989	101	4.80	485	200	--	130	150	110	260	295
1990	115	4.35	500	295	--	240	150	110	260	295
France										
1986	74	2.70	200	11	6	7	158	42	200	10
1987	75	3.67	275	10	4	22	197	34	231	36
1988	75	3.47	260	36	2	33	190	40	230	35
1989	74	3.51	260	35	--	45	185	35	220	30
1990	73	3.56	260	30	--	50	190	30	220	20
Greece										
1986	11	2.09	23	--	--	--	23	23	--	--
1987	13	1.92	25	--	--	--	25	25	--	--
1988	15	2.07	31	--	--	--	26	26	5	5
1989	15	2.00	30	5	--	--	30	30	5	5
1990	15	2.00	30	5	--	--	30	30	5	5
Ireland										
1986	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--
Italy										
1986	8	2.75	22	--	5	--	22	5	27	--
1987	8	2.50	20	--	3	--	18	5	23	--
1988	8	2.25	18	--	8	--	18	8	26	--
1989	8	2.25	18	--	8	--	18	8	26	--
1990	8	2.25	18	--	8	--	18	8	26	--
Netherlands										
1986	4	4.75	19	5	46	5	5	55	60	5
1987	6	4.17	25	5	35	5	5	44	49	11
1988	7	4.00	28	11	45	5	11	58	69	10
1989	7	4.57	32	10	38	5	10	55	65	10
1990	5	5.00	25	10	40	5	10	55	65	5
Portugal										
1986	124	0.81	100	8	--	--	2	100	102	6
1987	128	0.84	108	6	--	--	3	105	108	6
1988	121	0.64	77	6	--	--	7	72	79	4
1989	122	0.80	98	4	--	--	3	97	100	2
1990	122	0.49	60	2	--	--	3	57	60	2
Spain										
1986	221	1.00	220	15	--	--	117	118	235	--
1987	222	1.44	320	--	--	63	126	131	257	--
1988	222	1.61	357	--	--	25	237	95	332	--
1989	227	1.48	336	--	--	10	196	115	311	15
1990	210	1.36	285	15	--	10	190	100	290	--
United Kingdom										
1986	6	5.00	30	--	12	--	--	42	42	--
1987	7	4.57	32	--	15	--	--	47	47	--
1988	7	4.71	33	--	15	--	--	48	48	--
1989	7	4.43	31	--	15	--	--	46	46	--
1990	7	4.43	31	--	15	--	--	46	46	--
Germany, Fed. Rep.										
1986	425	4.28	1,818	976	156	326	621	869	1,490	1,134
1987	423	3.89	1,645	1,134	210	258	618	1,079	1,697	1,034
1988	390	4.19	1,634	1,034	95	123	498	1,012	1,510	1,130
1989	393	4.69	1,845	1,130	80	600	550	1,050	1,600	855
1990	425	4.47	1,900	855	80	250	650	1,050	1,700	885
Total EC-12										
1986	1,003	3.02	3,033	1465	239	542	1,079	1531	2,610	1,585
1987	1,031	2.93	3,019	1585	280	683	1,327	1579	2,906	1,295
1988	937	3.05	2,860	1295	179	288	1,166	1496	2,662	1,384
1989	964	3.31	3,189	1384	156	792	1,166	1559	2,725	1,212
1990	991	3.19	3,166	1212	158	559	1,266	1499	2,765	1,212

See footnotes at end of table.

Continued--

Appendix table 14--Supply and use of rye in Western Europe, 1986-1990 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare				1,000 tons				
Other Western Europe										
Austria										
1986	83	3.42	284	136	--	31	100	177	277	112
1987	85	3.64	309	112	--	67	90	178	268	86
1988	88	4.05	356	86	--	90	110	162	272	80
1989	91	4.19	381	80	--	100	122	159	281	80
1990	87	4.14	360	80	--	100	120	150	270	70
Finland										
1986	27	2.63	71	105	28	--	4	101	105	99
1987	38	1.95	74	99	46	--	7	101	108	111
1988	26	1.88	49	111	51	--	10	109	119	92
1989	69	2.84	196	92	--	--	2	114	116	172
1990	70	2.29	160	172	--	--	2	114	116	216
Norway										
1986	1	3.00	3	48	35	--	1	35	36	50
1987	1	2.00	2	50	28	--	1	34	35	45
1988	1	2.00	2	45	30	--	1	34	35	42
1989	1	2.00	2	42	30	--	1	34	35	39
1990	1	2.00	2	39	30	--	1	31	32	39
Sweden										
1986	39	3.95	154	119	28	15	50	137	187	99
1987	40	3.42	137	99	75	17	80	114	194	100
1988	36	3.56	128	100	40	16	49	117	166	86
1989	67	4.72	316	86	--	67	80	155	235	100
1990	65	4.15	270	100	--	60	79	131	210	100
Switzerland										
1986	4	4.75	19	23	14	--	14	22	36	20
1987	4	4.75	19	20	21	--	21	16	37	23
1988	4	5.00	20	23	18	--	20	18	38	23
1989	4	5.00	20	23	20	--	20	18	38	25
1990	4	5.00	20	25	20	--	20	20	40	25
Other Western Europe										
1986	154	3.45	531	431	105	46	169	472	641	380
1987	168	3.22	541	380	170	84	199	443	642	365
1988	155	3.58	555	365	139	106	190	440	630	323
1989	232	3.94	915	323	50	167	225	480	705	416
1990	227	3.58	812	416	50	160	222	446	668	450
Total Western Europe										
1986	1,157	3.08	3,564	1,896	344	588	1,248	2,003	3,251	1,965
1987	1,199	2.97	3,560	1,965	450	767	1,526	2,022	3,548	1,660
1988	1,092	3.13	3,415	1,660	318	394	1,356	1,936	3,292	1,707
1989	1,196	3.43	4,104	1,707	206	959	1,391	2,039	3,430	1,628
1990	1,218	3.27	3,978	1,628	208	719	1,488	1,945	3,433	1,662

'---' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 15--Supply and use of coarse grains in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1986	186	5.74	1,068	110	2,953	1,006	1,356	1,736	3,092	33
1987	180	5.09	916	33	2,689	946	1,115	1,557	2,672	20
1988	177	5.69	1,008	20	2,588	779	1,196	1,640	2,836	1
1989	160	5.45	872	1	2,465	605	1,110	1,622	2,732	1
1990	144	5.60	807	1	2,490	451	1,089	1,752	2,841	6
Denmark										
1986	1,228	4.72	5,799	1,017	99	1,300	3,816	774	4,590	1,025
1987	1,100	4.46	4,907	1,025	189	1,146	3,624	571	4,195	780
1988	1,292	4.64	5,994	780	110	1,720	3,741	871	4,612	552
1989	1,133	4.94	5,594	552	100	1,540	3,541	586	4,127	579
1990	1,103	4.54	5,007	579	100	1,160	2,916	1,045	3,961	565
France										
1986	4,576	5.14	23,519	4,719	565	10,116	11,469	3,446	14,915	3,772
1987	4,303	5.91	25,445	3,772	358	11,033	11,265	3,475	14,740	3,802
1988	4,353	6.05	26,340	3,802	310	11,778	10,626	3,457	14,083	4,591
1989	4,240	5.90	25,012	4,591	214	12,606	10,153	3,679	13,832	3,379
1990	4,114	5.73	23,561	3,379	214	11,011	10,305	3,472	13,777	2,366
Germany, Fed. Rep.										
1986	538	5.13	2,762	129	763	580	2,405	345	2,750	324
1987	565	5.33	3,013	324	471	630	2,504	320	2,824	354
1988	503	4.98	2,504	354	250	135	2,232	310	2,542	431
1989	460	4.87	2,242	431	250	50	2,268	322	2,590	283
1990	395	4.79	1,892	283	225	100	1,925	192	2,117	183
Greece										
1986	304	4.72	1,435	61	98	271	1,061	223	1,284	39
1987	296	5.36	1,587	39	171	453	1,014	230	1,244	100
1988	286	5.13	1,468	100	65	372	884	317	1,201	60
1989	277	5.28	1,462	60	63	311	910	282	1,192	82
1990	274	5.16	1,415	82	55	309	899	284	1,183	60
Ireland										
1986	1,519	5.56	8,445	540	2,056	290	9,042	1,269	10,311	440
1987	1,411	5.62	7,931	440	2,916	165	9,058	1,324	10,382	740
1988	1,491	5.63	8,387	740	2,129	200	9,152	1,314	10,466	590
1989	1,475	5.68	8,378	590	1,988	150	9,078	1,338	10,416	390
1990	1,508	5.76	8,683	390	2,048	120	9,313	1,238	10,551	450
Italy										
1986	53	6.06	321	209	2,882	163	1,844	1,194	3,038	211
1987	65	5.14	334	211	2,734	270	1,126	1,704	2,830	179
1988	83	4.70	390	179	2,801	137	1,520	1,439	2,959	274
1989	65	4.85	315	274	3,241	580	1,428	1,652	3,080	170
1990	56	4.82	270	170	2,805	210	1,440	1,445	2,885	150
Netherlands										
1986	663	1.46	971	376	1,040	--	1,750	312	2,062	325
1987	629	1.56	983	325	735	--	1,533	311	1,844	199
1988	612	1.40	856	199	688	--	1,164	388	1,552	191
1989	695	1.42	989	191	609	--	1,205	409	1,614	175
1990	533	1.59	845	175	611	--	1,121	345	1,466	165
United Kingdom										
1986	5,503	2.11	11,612	1,484	1,739	304	11,624	2,157	13,781	750
1987	5,489	2.50	13,711	750	2,330	1,771	11,678	2,141	13,819	1,201
1988	5,314	3.13	16,628	1,201	2,505	1,905	13,785	2,107	15,892	2,537
1989	5,367	2.45	13,125	2,537	1,830	1,400	12,855	2,092	14,947	1,145
1990	5,444	2.34	12,740	1,145	2,520	1,140	12,323	2,372	14,695	570
Portugal										
1986	2,025	5.22	10,579	2,540	1,709	4,595	5,051	3,512	8,563	1,670
1987	1,943	5.01	9,733	1,670	1,687	2,975	4,788	3,657	8,445	1,670
1988	2,045	4.55	9,303	1,670	1,725	2,920	4,620	3,773	8,393	1,385
1989	1,793	4.82	8,651	1,385	1,660	2,010	4,695	3,851	8,546	1,140
1990	1,772	4.74	8,401	1,140	1,775	1,810	4,710	3,861	8,571	935
Spain										
1986	3,164	4.80	15,184	3,958	2,436	1,709	10,381	4,624	15,005	4,864
1987	3,025	4.57	13,839	4,864	2,737	1,548	10,461	5,111	15,572	4,320
1988	3,001	5.06	15,191	4,320	2,397	2,128	10,180	5,397	15,577	4,203
1989	2,863	5.27	15,080	4,203	1,820	2,080	9,760	5,376	15,136	3,887
1990	2,795	5.21	14,550	3,887	2,340	2,330	10,035	4,745	14,780	3,667
Total EC-12										
1986	19,759	4.13	81,695	15,143	16,340	20,334	59,799	19,592	79,391	13,453
1987	19,006	4.34	82,399	13,453	17,017	20,937	58,166	20,401	78,567	13,365
1988	19,157	4.60	88,069	13,365	15,568	22,074	59,100	21,013	80,113	14,815
1989	18,528	4.41	81,720	14,815	14,240	21,332	57,003	21,209	78,212	11,231
1990	18,138	4.31	78,171	11,231	15,183	18,641	56,076	20,751	76,827	9,117

See footnotes at end of table.

Continued--

Appendix table 15--Supply and use of coarse grains in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
Other Western Europe										
Austria										
1986	733	5.04	3,695	393	11	404	2,746	578	3,324	371
1987	678	5.18	3,514	371	79	381	2,645	622	3,267	316
1988	673	5.64	3,798	316	17	475	2,709	616	3,325	331
1989	666	5.45	3,631	331	29	470	2,452	749	3,201	320
1990	654	5.60	3,661	320	25	520	2,642	541	3,183	303
Finland										
1986	1,031	2.90	2,992	508	33	359	2,147	496	2,643	531
1987	996	2.22	2,208	531	46	--	1,779	522	2,301	484
1988	1,106	2.30	2,541	484	65	68	1,768	676	2,444	578
1989	1,042	3.16	3,293	578	--	440	1,880	660	2,540	891
1990	1,020	2.89	2,943	891	--	360	1,850	689	2,539	935
Norway										
1986	303	3.14	950	379	287	--	1,063	204	1,267	349
1987	302	3.34	1,009	349	163	--	1,017	144	1,161	360
1988	287	3.24	930	360	233	--	1,040	147	1,187	336
1989	297	3.33	988	336	268	--	1,140	134	1,274	318
1990	297	3.30	979	318	195	--	1,058	151	1,209	283
Sweden										
1986	1,177	3.47	4,089	464	52	698	3,153	391	3,544	363
1987	1,029	3.52	3,621	363	148	340	2,950	447	3,397	395
1988	1,040	3.32	3,450	395	50	334	2,740	431	3,171	390
1989	994	3.78	3,755	390	9	402	2,841	498	3,339	413
1990	943	3.87	3,647	413	25	370	2,882	430	3,312	403
Switzerland										
1986	95	5.06	481	521	543	1	988	74	1,062	482
1987	83	5.64	468	482	559	--	990	33	1,023	486
1988	99	6.38	632	486	432	--	1,022	36	1,058	492
1989	99	5.97	591	492	345	--	888	55	943	485
1990	97	5.75	558	485	470	--	978	50	1,028	485
Total Other Western Europe										
1986	3,340	3.66	12,209	2,265	986	1,462	10,097	1,805	11,902	2,096
1987	3,089	3.50	10,822	2,096	1,065	721	9,381	1,840	11,221	2,041
1988	3,206	3.54	11,353	2,041	882	877	9,279	1,993	11,272	2,127
1989	3,099	3.96	12,260	2,127	751	1,312	9,201	2,198	11,399	2,427
1990	3,012	3.91	11,790	2,427	815	1,250	9,410	1,963	11,373	2,409
Total Western Europe										
1986	23,099	4.07	93,904	17,408	17,326	21,796	69,896	21,397	91,293	15,549
1987	22,095	4.22	93,221	15,549	18,082	21,658	67,547	22,241	89,788	15,406
1988	22,363	4.45	99,422	15,406	16,450	22,951	68,379	23,006	91,385	16,942
1989	21,627	4.35	93,980	16,942	14,991	22,644	66,204	23,407	89,611	13,658
1990	21,150	4.25	89,961	13,658	15,998	19,891	65,486	22,714	88,200	11,526

/---/ indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 16--Supply and use of total grains in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----							
European Community										
Belgium-Luxembourg										
1986	384	6.28	2,410	426	4,245	1,858	1,781	3,078	4,859	364
1987	379	5.36	2,030	364	4,418	1,820	1,515	3,095	4,610	382
1988	381	6.11	2,329	382	4,198	1,856	1,571	3,261	4,832	221
1989	379	6.20	2,350	221	3,980	1,466	1,485	3,359	4,844	241
1990	374	6.24	2,332	241	3,959	1,477	1,414	3,382	4,796	259
Denmark										
1986	1,582	5.04	7,976	1,325	254	1,750	5,366	958	6,324	1,481
1987	1,498	4.80	7,192	1,481	327	1,742	5,064	971	6,035	1,223
1988	1,601	5.04	8,074	1,223	168	2,425	4,891	1,296	6,187	785
1989	1,579	5.58	8,815	853	125	2,491	5,066	1,137	6,203	1,099
1990	1,688	5.22	8,807	1,099	150	2,560	4,866	1,565	6,431	1,065
France										
1986	9,493	5.29	50,223	8,761	1,066	25,760	16,708	10,043	26,751	7,539
1987	9,274	5.68	52,717	7,539	721	27,492	16,988	9,166	26,154	7,331
1988	9,174	6.10	55,928	7,331	850	30,666	16,396	9,898	26,294	7,149
1989	9,287	6.14	57,022	7,149	564	31,756	15,603	10,229	25,832	7,147
1990	9,312	6.08	56,623	7,147	754	30,036	16,305	9,992	26,297	8,191
Germany Fed. Rep.										
1986	1,428	3.53	5,037	339	1,038	1,065	2,465	1,975	4,440	909
1987	1,452	3.58	5,204	909	797	1,205	2,604	2,053	4,657	1,048
1988	1,404	3.47	4,876	1,048	526	1,355	2,292	1,951	4,243	852
1989	1,366	3.14	4,294	852	555	866	2,318	1,691	4,009	826
1990	1,063	3.16	3,364	826	550	775	1,965	1,507	3,472	493
Greece										
1986	380	4.83	1,834	111	520	380	1,384	632	2,016	69
1987	353	5.55	1,960	69	638	557	1,314	601	1,915	195
1988	346	5.45	1,885	195	398	427	1,184	764	1,948	103
1989	340	5.61	1,909	103	388	371	1,175	727	1,902	127
1990	344	5.53	1,901	127	360	374	1,174	730	1,904	110
Ireland										
1986	4,848	3.77	18,275	2,064	7,179	2,646	10,942	10,907	21,849	3,023
1987	4,689	3.85	18,058	3,023	7,283	3,297	10,658	10,925	21,583	3,484
1988	4,566	3.74	17,089	3,484	7,669	4,243	10,552	11,101	21,653	2,346
1989	4,647	3.58	16,652	2,346	7,115	3,075	10,428	11,090	21,518	1,520
1990	4,553	3.86	17,553	1,520	6,968	2,970	10,463	11,033	21,496	1,575
Italy										
1986	171	7.37	1,261	457	4,600	995	2,396	2,442	4,838	485
1987	176	6.27	1,103	485	4,577	1,098	1,676	3,027	4,703	364
1988	197	6.18	1,217	364	4,747	769	2,075	3,041	5,116	443
1989	203	6.71	1,362	443	5,086	1,506	1,938	3,006	4,944	441
1990	201	6.69	1,345	441	4,425	835	1,930	3,022	4,952	424
Netherlands										
1986	1,012	1.55	1,570	713	1,659	--	1,778	1,567	3,345	597
1987	985	1.64	1,611	597	1,234	--	1,561	1,474	3,035	407
1988	939	1.43	1,345	407	1,410	2	1,244	1,562	2,806	354
1989	1,062	1.59	1,690	354	1,159	4	1,265	1,609	2,874	325
1990	746	1.68	1,253	325	1,461	4	1,176	1,544	2,720	315
United Kingdom										
1986	7,696	2.12	16,350	1,833	2,914	609	12,812	6,752	19,564	924
1987	7,788	2.54	19,817	924	2,952	2,476	13,185	6,616	19,801	1,416
1988	7,727	3.00	23,150	1,416	2,855	2,435	15,658	6,382	22,040	2,946
1989	7,721	2.40	18,563	2,946	2,110	1,801	14,055	6,348	20,403	1,415
1990	7,482	2.37	17,724	1,415	3,080	1,708	13,123	6,647	19,770	741
Portugal										
1986	4,022	6.09	24,489	6,974	3,229	10,075	10,851	8,766	19,617	5,000
1987	3,937	5.50	21,673	5,000	4,064	5,506	10,498	10,038	20,536	4,695
1988	3,931	5.36	21,053	4,695	3,115	5,130	9,835	10,283	20,118	3,615
1989	3,899	5.86	22,851	3,615	2,900	6,520	9,995	10,281	20,276	2,570
1990	3,822	5.99	22,901	2,570	3,025	5,320	10,310	10,501	20,811	2,365
Spain										
1986	4,812	5.32	25,590	8,807	4,399	4,262	15,048	8,914	23,962	10,572
1987	4,696	5.06	23,771	10,572	4,951	5,020	15,066	10,236	25,302	8,972
1988	4,744	5.72	27,113	8,972	4,579	5,860	15,380	10,548	25,928	8,876
1989	4,640	5.63	26,112	8,876	3,605	4,915	14,660	10,529	25,189	8,489
1990	4,515	5.79	26,150	8,489	4,540	5,345	15,235	10,005	25,240	8,594
Total EC-12										
1986	35,828	4.33	155,015	31,810	31,103	49,400	81,531	56,034	137,565	30,963
1987	35,227	4.40	155,136	30,963	31,962	50,213	80,129	58,202	138,331	29,517
1988	35,010	4.69	164,059	29,517	30,515	55,168	81,078	60,087	141,165	27,758
1989	35,123	4.60	161,620	27,758	27,587	54,771	77,988	60,006	137,994	24,200
1990	34,100	4.69	159,953	24,200	29,272	51,404	77,961	59,928	137,889	24,132

See footnotes at end of table.

Continued--

Appendix table 16--Supply and use of total grains in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons			
Other Western Europe										
Austria										
1986	1,057	4.83	5,110	651	66	943	3,107	1,182	4,289	595
1987	998	4.97	4,965	595	136	989	2,915	1,217	4,132	575
1988	965	5.55	5,358	575	77	1,169	3,087	1,227	4,314	527
1989	944	5.29	4,994	527	86	894	2,795	1,348	4,143	570
1990	919	5.47	5,031	570	85	1,070	2,952	1,151	4,103	513
Finland										
1986	1,197	2.94	3,521	1,059	80	420	2,241	916	3,157	1,083
1987	1,135	2.19	2,489	1,083	195	3	1,899	943	2,842	922
1988	1,215	2.33	2,826	922	210	94	1,925	1,046	2,971	893
1989	1,193	3.19	3,800	893	54	465	1,962	1,031	2,993	1,289
1990	1,180	2.92	3,443	1,289	70	385	1,900	1,059	2,959	1,458
Norway										
1986	353	3.14	1,108	729	562	--	1,133	559	1,692	707
1987	360	3.44	1,239	707	384	--	1,117	504	1,621	709
1988	318	3.55	1,130	709	463	--	1,110	502	1,612	690
1989	337	3.39	1,142	690	498	--	1,210	502	1,712	618
1990	337	3.42	1,154	618	455	--	1,118	536	1,654	573
Sweden										
1986	1,488	3.91	5,819	784	143	1,518	3,351	1,191	4,542	686
1987	1,354	3.82	5,179	686	259	929	3,376	1,096	4,472	723
1988	1,291	3.68	4,745	723	133	567	3,226	1,070	4,296	738
1989	1,279	4.32	5,519	738	84	1,032	3,359	1,159	4,518	791
1990	1,279	4.33	5,537	791	100	1,170	3,348	1,126	4,474	784
Switzerland										
1986	189	5.07	959	1,102	939	1	1,198	734	1,932	1,067
1987	176	5.22	918	1,067	861	--	1,190	609	1,799	1,047
1988	190	6.17	1,172	1,047	787	--	1,222	686	1,908	1,098
1989	190	6.16	1,171	1,098	655	--	1,088	671	1,759	1,165
1990	187	5.87	1,098	1,165	730	--	978	890	1,868	1,125
Total Other Western Europe										
1986	4,286	3.85	16,522	4,327	1,945	2,882	11,030	4,742	15,772	4,140
1987	4,025	3.68	14,795	4,140	2,007	1,921	10,497	4,546	15,043	3,978
1988	3,981	3.83	15,236	3,978	1,860	1,830	10,570	4,726	15,296	3,948
1989	3,945	4.22	16,631	3,948	1,582	2,391	10,414	4,921	15,335	4,435
1990	3,904	4.17	16,268	4,435	1,645	2,625	10,296	4,972	15,268	4,455
Total Western Europe										
1986	40,114	4.28	171,537	36,137	33,048	52,282	92,561	60,776	153,337	35,103
1987	39,252	4.33	169,931	35,103	33,969	52,134	90,626	62,748	153,374	33,495
1988	38,991	4.60	179,295	33,495	32,375	56,998	91,648	64,813	156,461	31,706
1989	39,068	4.56	178,251	31,706	29,169	57,162	88,402	64,927	153,329	28,635
1990	38,004	4.64	176,221	28,635	30,917	54,029	88,257	64,900	153,157	28,587

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.
 Source: USDA, Foreign Agricultural Service.

Appendix table 17--Supply and use of rapeseed in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons				
European Community											
Belgium-Luxembourg											
1986	3	2.67	8	5	526	10	491	475	--	16	38
1987	5	3.00	15	38	553	8	534	524	--	10	33
1988	4	3.25	13	33	576	7	572	552	--	20	43
1989	5	3.00	15	43	562	5	565	550	--	15	50
1990	5	3.00	15	50	580	5	595	575	--	20	45
Denmark											
1986	227	2.72	618	--	--	416	202	164	--	38	--
1987	250	2.22	556	--	1	258	299	196	--	103	--
1988	199	2.53	504	--	23	197	330	255	--	75	--
1989	231	2.82	652	--	3	270	385	305	--	80	--
1990	250	3.00	750	--	--	350	400	310	--	90	--
France											
1986	388	2.76	1,071	22	35	559	558	540	--	18	11
1987	740	3.57	2,645	11	13	1,538	1,061	1,034	--	27	70
1988	869	2.65	2,302	70	2	1,263	1,064	1,013	--	51	47
1989	613	2.88	1,765	47	70	800	1,070	1,000	--	70	12
1990	639	2.80	1,789	12	90	780	1,100	1,020	--	80	11
Germany, Fed. Rep.											
1986	308	3.15	969	55	1,164	310	1,813	1,803	--	10	65
1987	428	2.96	1,265	65	1,312	233	2,305	2,270	--	35	104
1988	385	3.16	1,216	104	1,227	194	2,313	2,305	--	8	40
1989	429	3.38	1,451	40	944	200	2,195	2,155	--	40	40
1990	570	3.28	1,870	40	820	300	2,380	2,330	--	50	50
Greece											
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
Ireland											
1986	7	2.29	16	--	3	10	9	9	--	--	--
1987	4	2.25	9	--	6	10	5	5	--	--	--
1988	4	2.25	9	--	6	10	5	5	--	--	--
1989	4	2.25	9	--	6	10	5	5	--	--	--
1990	5	2.00	10	--	5	10	5	5	--	--	--
Italy											
1986	23	1.91	44	--	4	--	48	48	--	--	--
1987	28	2.43	68	--	7	--	75	75	--	--	--
1988	23	2.22	51	--	22	--	73	73	--	--	--
1989	17	2.35	40	--	20	--	60	60	--	--	--
1990	13	1.92	25	--	25	--	50	50	--	--	--
Netherlands											
1986	6	3.33	20	29	430	39	362	310	2	50	78
1987	10	3.10	31	78	380	28	449	323	1	125	12
1988	7	3.43	24	12	432	27	410	351	--	59	31
1989	6	3.83	23	31	486	35	480	380	--	100	25
1990	7	3.57	25	25	500	40	480	360	--	120	30
United Kingdom											
1986	299	3.14	940	11	269	448	772	761	--	11	--
1987	388	3.49	1,353	--	86	191	1,118	1,103	--	15	130
1988	340	3.06	1,040	130	99	94	1,103	1,083	--	20	72
1989	323	2.95	953	72	130	95	1,030	990	--	40	30
1990	390	3.08	1,200	30	100	130	1,150	1,100	--	50	50
Portugal											
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
Spain											
1986	9	1.11	10	--	--	--	10	8	--	2	--
1987	8	1.25	10	--	1	--	11	9	--	2	--
1988	9	1.22	11	--	2	--	13	11	--	2	--
1989	10	1.40	14	--	1	--	15	13	--	2	--
1990	12	1.42	17	--	--	--	17	15	--	2	--
Total EC-12											
1986	1,270	2.91	3,696	122	2,431	1,792	4,265	4,118	2	145	192
1987	1,861	3.20	5,952	192	2,359	2,266	5,857	5,539	1	317	349
1988	1,840	2.81	5,170	349	2,389	1,792	5,883	5,648	--	235	233
1989	1,638	3.00	4,922	233	2,222	1,415	5,805	5,458	--	347	157
1990	1,891	3.01	5,701	157	2,120	1,615	6,177	5,765	--	412	186

See footnotes at end of table.

Continued--

Appendix table 17--Supply and use of rapeseed in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
Other Western Europe	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
Austria											
1986	10	2.70	27	2	--	29	--	--	--	--	--
1987	23	2.83	65	--	--	63	2	2	--	--	--
1988	32	2.72	87	--	--	34	53	53	--	--	--
1989	35	2.74	96	--	--	1	95	95	--	--	--
1990	47	2.49	117	--	--	--	117	117	--	--	--
Finland											
1986	75	1.85	139	--	--	--	124	124	--	--	15
1987	81	1.11	90	15	--	--	98	98	--	--	7
1988	86	1.44	124	7	--	--	128	128	--	--	3
1989	74	1.61	119	3	--	--	115	115	--	--	7
1990	75	1.60	120	7	--	--	120	120	--	--	7
Norway											
1986	6	1.83	11	14	6	--	17	--	--	17	14
1987	7	1.29	9	14	9	--	23	--	--	23	9
1988	7	1.29	9	9	10	--	19	--	--	19	9
1989	7	1.29	9	9	4	--	13	--	--	13	9
1990	7	1.57	11	9	4	--	15	--	--	15	9
Sweden											
1986	171	1.88	321	22	--	59	270	262	--	8	14
1987	164	1.52	250	14	14	5	257	251	--	6	16
1988	146	1.71	249	16	12	7	256	248	--	8	14
1989	175	2.11	370	14	--	55	306	300	--	6	23
1990	175	2.15	376	23	--	68	308	300	--	8	23
Switzerland											
1986	17	2.88	49	--	--	--	49	48	--	1	--
1987	17	2.94	50	--	--	--	50	49	--	1	--
1988	17	2.94	50	--	--	--	50	49	--	1	--
1989	17	3.18	54	--	--	--	54	53	--	1	--
1990	17	3.12	53	--	--	--	53	52	--	1	--
Total Other Western Europe											
1986	279	1.96	547	38	6	88	460	434	--	26	43
1987	292	1.59	464	43	23	68	430	400	--	30	32
1988	288	1.80	519	32	22	41	506	478	--	28	26
1989	308	2.10	648	26	4	56	583	563	--	20	39
1990	321	2.11	677	39	4	68	613	589	--	24	39
Total Western Europe											
1986	1,549	2.74	4,243	160	2,437	1,880	4,725	4,552	2	171	235
1987	2,153	2.98	6,416	235	2,382	2,334	6,287	5,939	1	347	381
1988	2,128	2.67	5,689	381	2,411	1,833	6,389	6,126	--	263	259
1989	1,946	2.86	5,570	259	2,226	1,471	6,388	6,021	--	367	196
1990	2,212	2.88	6,378	196	2,124	1,683	6,790	6,354	--	436	225

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 18--Supply and use of sunflowerseed in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
European Community											
Belgium-Luxembourg											
1986	--	--	--	12	259	1	212	212	--	--	58
1987	--	--	--	58	339	2	307	297	--	10	30
1988	--	--	--	30	267	1	262	252	--	10	34
1989	--	--	--	34	202	1	205	200	--	5	30
1990	--	--	--	30	237	2	235	225	--	10	30
Denmark											
1986	--	--	--	--	1	--	1	--	1	--	--
1987	--	--	--	--	1	--	1	--	1	--	--
1988	--	--	--	--	1	--	1	--	1	--	--
1989	--	--	--	--	1	--	1	--	1	--	--
1990	--	--	--	--	1	--	1	--	1	--	--
France											
1986	849	2.24	1,902	23	32	1,128	792	778	--	14	37
1987	965	2.60	2,508	37	16	1,520	873	796	--	77	168
1988	912	2.56	2,335	168	4	1,388	1,056	967	--	89	63
1989	799	2.65	2,121	63	15	1,150	1,030	1,000	--	30	19
1990	1,068	2.35	2,510	19	5	1,284	1,220	1,180	--	40	30
Germany, Fed. Rep.											
1986	2	2.00	4	14	386	2	391	342	14	35	11
1987	8	3.00	24	11	590	3	612	567	15	30	10
1988	10	3.00	30	10	394	8	416	365	20	31	10
1989	14	3.21	45	10	330	10	365	315	20	30	10
1990	18	3.06	55	10	350	10	395	345	20	30	10
Greece											
1986	79	2.08	164	--	5	94	49	46	3	--	26
1987	90	1.61	145	26	15	40	95	90	5	--	51
1988	42	1.79	75	51	20	--	101	95	5	1	45
1989	26	2.04	53	45	40	5	99	93	5	1	34
1990	24	2.08	50	34	20	--	74	68	5	1	30
Ireland											
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
Italy											
1986	104	2.45	255	--	47	--	292	289	3	--	10
1987	200	2.25	450	10	31	--	461	457	4	--	30
1988	165	2.21	365	30	105	--	465	460	5	--	35
1989	135	2.44	330	35	100	--	460	455	5	--	5
1990	165	2.30	380	5	90	--	465	460	5	--	10
Netherlands											
1986	--	--	--	23	366	4	373	373	--	--	12
1987	--	--	--	12	402	5	399	398	1	--	10
1988	--	--	--	10	371	5	358	358	--	--	18
1989	--	--	--	18	376	5	369	364	1	4	20
1990	--	--	--	20	400	5	400	395	1	4	15
United Kingdom											
1986	--	--	--	10	111	--	103	103	--	--	18
1987	--	--	--	18	89	--	87	87	--	--	20
1988	--	--	--	20	99	--	92	92	--	--	27
1989	--	--	--	27	100	--	110	110	--	--	17
1990	--	--	--	17	100	--	115	115	--	--	2
Portugal											
1986	44	0.75	33	6	226	--	250	250	--	--	15
1987	43	0.65	28	15	191	--	226	226	--	--	8
1988	75	0.77	58	8	194	--	253	253	--	--	7
1989	60	0.80	48	7	200	--	248	248	--	--	7
1990	75	0.80	60	7	200	--	260	260	--	--	7
Spain											
1986	1,070	0.86	920	--	8	2	926	892	24	10	--
1987	994	1.01	1,006	--	16	64	958	920	30	8	--
1988	921	1.22	1,123	--	98	--	1,221	1,174	38	9	--
1989	965	0.94	906	--	40	--	946	903	36	7	--
1990	1,145	1.14	1,300	--	18	30	1,188	1,136	40	12	100
Total EC-12											
1986	2,148	1.53	3,278	88	1,441	1,231	3,389	3,285	45	59	187
1987	2,300	1.81	4,161	187	1,690	1,634	4,019	3,838	56	125	327
1988	2,125	1.88	3,986	327	1,553	1,402	4,225	4,016	69	140	239
1989	1,999	1.75	3,503	239	1,404	1,171	3,833	3,688	68	77	142
1990	2,495	1.75	4,355	142	1,421	1,331	4,353	4,184	72	97	234

See footnotes at end of table.

Continued--

Appendix table 18--Supply and use of sunflowerseed in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed,seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
Other Western Europe											
Austria											
1986	1	1.00	1	--	8	1	8	--	--	8	--
1987	11	3.18	35	--	7	34	8	--	--	8	--
1988	21	2.67	56	--	5	51	10	--	--	10	--
1989	25	2.92	73	--	4	69	8	--	--	8	--
1990	31	2.81	87	--	3	--	90	81	--	9	--
Finland											
1986	--	--	--	--	3	--	3	2	--	1	--
1987	--	--	--	--	3	--	3	2	--	1	--
1988	--	--	--	--	3	--	3	2	--	1	--
1989	--	--	--	--	3	--	3	2	--	1	--
1990	--	--	--	--	3	--	3	2	--	1	--
Norway											
1986	--	--	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--	--	--
Sweden											
1986	--	--	--	--	6	--	6	--	6	--	--
1987	--	--	--	--	6	--	6	--	6	--	--
1988	--	--	--	--	6	--	6	--	6	--	--
1989	--	--	--	--	6	--	6	--	6	--	--
1990	--	--	--	--	6	--	6	--	6	--	--
Switzerland											
1986	--	--	--	--	12	--	12	12	--	--	--
1987	--	--	--	--	12	--	12	12	--	--	--
1988	--	--	--	--	12	--	12	12	--	--	--
1989	--	--	--	--	12	--	12	12	--	--	--
1990	--	--	--	--	12	--	12	12	--	--	--
Total Other Western Europe											
1986	1	1.00	1	--	29	1	29	14	6	9	--
1987	11	3.18	35	--	28	34	29	14	6	9	--
1988	21	2.67	56	--	26	51	31	14	6	11	--
1989	25	2.92	73	--	25	69	29	14	6	9	--
1990	31	2.81	87	--	24	--	111	95	6	10	--
Total Western Europe											
1986	2,149	1.53	3,279	--	1,470	1,232	3,418	3,299	51	68	187
1987	2,311	1.82	4,196	--	1,718	1,668	4,048	3,852	62	134	327
1988	2,146	1.88	4,042	--	1,579	1,453	4,256	4,030	75	151	239
1989	2,024	1.77	3,576	--	1,429	1,240	3,862	3,702	74	86	142
1990	2,526	1.76	4,442	--	1,445	1,331	4,464	4,279	78	107	234

'--' indicates none or negligible.
1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.
Source: USDA, Foreign Agricultural Service.

Appendix table 19--Supply and use of soybeans in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
European Community	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
Belgium-Luxembourg											
1986	--	--	--	1,336	1,484	49	1,438	1,338	--	100	99
1987	--	--	--	1,338	1,347	48	1,296	1,246	--	50	102
1988	--	--	--	1,246	1,104	22	1,119	1,095	--	24	65
1989	--	--	--	1,095	1,400	35	1,330	1,285	--	45	100
1990	--	--	--	1,285	1,300	30	1,285	1,240	--	45	85
Denmark											
1986	--	--	--	57	75	--	75	65	--	10	15
1987	--	--	--	65	67	1	66	60	--	6	15
1988	--	--	--	60	59	1	58	55	--	3	15
1989	--	--	--	55	63	--	63	60	--	3	15
1990	--	--	--	60	63	--	63	60	--	3	15
France											
1986	48	1.77	85	536	607	4	680	594	7	79	48
1987	79	2.35	186	594	490	34	654	423	3	228	36
1988	92	2.48	228	423	244	37	450	255	5	190	21
1989	135	2.15	290	255	255	27	529	275	7	247	10
1990	125	2.22	278	275	290	25	543	295	8	240	10
Germany, Fed. Rep.											
1986	--	--	--	2,895	3,331	7	3,279	3,170	25	84	75
1987	--	--	--	3,170	3,024	4	3,020	2,938	30	52	75
1988	--	--	--	2,938	2,495	4	2,476	2,360	30	86	90
1989	2	2.50	5	2,360	2,675	5	2,685	2,550	35	100	80
1990	2	2.50	5	2,550	2,685	5	2,685	2,550	35	100	80
Greece											
1986	1	3.00	3	295	300	--	290	290	--	--	36
1987	2	2.00	4	290	300	--	285	285	--	--	55
1988	3	2.00	6	285	240	--	280	280	--	--	21
1989	8	3.25	26	280	245	--	257	257	--	--	35
1990	7	2.57	18	257	292	--	292	292	--	--	53
Ireland											
1986	--	--	--	--	4	1	3	2	--	1	--
1987	--	--	--	2	8	1	7	5	--	2	--
1988	--	--	--	5	9	1	8	6	--	2	--
1989	--	--	--	6	9	1	8	6	--	2	--
1990	--	--	--	6	9	1	8	6	--	2	--
Italy											
1986	232	3.47	806	1,746	1,124	7	1,930	1,780	--	150	140
1987	481	3.30	1,589	1,780	565	7	2,037	1,837	--	200	250
1988	432	3.26	1,408	1,837	688	6	2,090	1,855	--	235	250
1989	453	3.53	1,600	1,855	600	5	2,195	1,920	--	275	250
1990	470	3.51	1,650	1,920	530	5	2,175	1,915	--	260	250
Netherlands											
1986	--	--	--	2,474	3,243	161	3,108	2,737	5	366	60
1987	--	--	--	2,737	3,789	232	3,430	2,906	9	515	187
1988	--	--	--	2,906	3,133	167	3,047	2,789	13	245	106
1989	--	--	--	2,789	3,244	200	3,050	2,850	15	185	100
1990	--	--	--	2,850	3,250	250	2,950	2,710	15	225	150
United Kingdom											
1986	--	--	--	391	565	1	540	300	--	240	65
1987	--	--	--	300	769	1	733	483	--	250	100
1988	--	--	--	483	527	1	616	458	--	158	10
1989	--	--	--	458	675	--	685	610	--	75	--
1990	--	--	--	610	700	--	700	605	--	95	--
Portugal											
1986	--	--	--	942	961	--	954	854	--	100	33
1987	--	--	--	854	836	--	850	690	--	160	19
1988	--	--	--	690	684	--	683	483	--	200	20
1989	--	--	--	483	799	--	800	595	--	205	19
1990	1	1.00	1	595	810	--	810	600	--	210	20
Spain											
1986	1	2.00	2	2,132	2,728	--	2,668	2,362	6	300	70
1987	2	2.00	4	2,362	2,372	--	2,386	2,100	6	280	60
1988	7	1.86	13	2,100	1,951	--	1,970	1,675	5	290	54
1989	11	2.45	27	1,675	2,500	--	2,510	2,155	5	350	71
1990	15	2.47	37	2,155	2,300	--	2,340	2,050	5	285	68
Total EC-12											
1986	282	3.18	896	12,804	14,422	230	14,965	13,492	43	1,430	641
1987	564	3.16	1,783	13,492	13,567	328	14,764	12,973	48	1,743	899
1988	534	3.10	1,655	12,973	11,134	239	12,797	11,311	53	1,433	652
1989	609	3.20	1,948	11,311	12,465	273	14,112	12,563	62	1,487	680
1990	620	3.21	1,989	12,563	12,229	316	13,851	12,323	63	1,465	731

See footnotes at end of table.

Continued--

Appendix table 19--Supply and use of soybeans in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare					1,000 tons				
Other Western Europe											
Austria											
1986	--	--	--	--	3	--	3	--	3	--	--
1987	--	--	--	--	6	--	6	--	3	3	--
1988	6	2.00	12	--	4	--	16	--	4	12	--
1989	5	2.00	10	--	4	--	14	--	4	10	--
1990	5	2.00	10	--	4	--	14	--	4	10	--
Finland											
1986	--	--	--	149	151	--	134	134	--	--	22
1987	--	--	--	134	198	--	198	198	--	--	22
1988	--	--	--	198	139	--	159	159	--	--	2
1989	--	--	--	159	145	--	141	141	--	--	6
1990	--	--	--	141	141	--	141	141	--	--	6
Norway											
1986	--	--	--	290	300	--	303	295	--	8	18
1987	--	--	--	295	278	--	286	286	--	--	10
1988	--	--	--	286	280	--	280	280	--	--	10
1989	--	--	--	280	290	--	290	290	--	--	10
1990	--	--	--	290	300	--	300	300	--	--	10
Sweden											
1986	--	--	--	--	3	--	3	--	--	3	--
1987	--	--	--	--	5	--	5	--	1	4	--
1988	--	--	--	--	8	1	7	--	1	6	--
1989	--	--	--	--	8	1	7	--	1	6	--
1990	--	--	--	--	8	1	7	--	1	6	--
Switzerland											
1986	--	--	--	74	87	--	87	84	1	2	--
1987	--	--	--	84	70	--	70	67	1	2	--
1988	1	2.00	2	67	83	--	85	81	1	3	--
1989	1	2.00	2	81	82	--	84	80	1	3	--
1990	1	2.00	2	80	80	--	82	78	1	3	--
Total Other Western Europe											
1986	--	--	--	513	544	--	530	513	4	13	40
1987	--	--	--	513	557	--	565	551	5	9	32
1988	7	2.00	14	551	514	1	547	520	6	21	12
1989	6	2.00	12	520	529	1	536	511	6	19	16
1990	6	2.00	12	511	533	1	544	519	6	19	16
Total Western Europe											
1986	282	3.18	896	--	14,966	230	15,495	14,005	47	1,443	--
1987	564	3.16	1,783	--	14,124	328	15,329	13,524	53	1,752	--
1988	541	3.09	1,669	--	11,648	240	13,344	11,831	59	1,454	--
1989	615	3.19	1,960	--	12,994	274	14,648	13,074	68	1,506	--
1990	626	3.20	2,001	--	12,762	317	14,395	12,842	69	1,484	--

-- indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 20--Supply and use of total oilseeds in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
European Community											
Belgium-Luxembourg											
1986	11	1.27	14	121	2,368	78	2,223	2,086	3	134	202
1987	15	1.53	23	202	2,336	78	2,222	2,125	3	94	172
1988	15	1.40	21	172	2,006	53	2,001	1,938	3	60	145
1989	17	1.29	22	145	2,261	70	2,171	2,090	4	77	187
1990	16	1.44	23	187	2,232	73	2,202	2,106	4	92	167
Denmark											
1986	227	2.72	618	15	85	416	287	238	1	48	15
1987	250	2.22	556	15	76	259	373	263	1	109	15
1988	199	2.53	504	15	90	198	396	317	1	78	15
1989	231	2.82	652	15	74	270	456	372	1	83	15
1990	250	3.00	750	15	71	350	471	377	1	93	15
France											
1986	1,326	2.32	3,082	85	730	1,710	2,091	1,922	50	119	96
1987	1,831	2.93	5,361	96	599	3,107	2,675	2,287	41	347	274
1988	1,925	2.54	4,896	274	312	2,700	2,651	2,256	44	351	131
1989	1,604	2.62	4,208	131	408	1,995	2,711	2,295	53	363	41
1990	1,887	2.44	4,607	41	454	2,107	2,944	2,515	55	374	51
Germany, Fed. Rep.											
1986	310	3.14	973	104	5,426	329	6,020	5,728	144	148	154
1987	436	2.96	1,289	154	5,318	250	6,319	6,036	152	131	192
1988	395	3.15	1,246	192	4,427	218	5,501	5,194	169	138	146
1989	445	3.37	1,501	146	4,334	227	5,619	5,254	182	183	135
1990	590	3.27	1,930	135	4,246	327	5,839	5,459	187	193	145
Greece											
1986	285	1.73	494	29	325	94	663	635	3	25	91
1987	303	1.48	449	91	332	40	687	667	5	15	145
1988	297	1.62	481	145	263	--	801	750	5	46	88
1989	322	1.60	516	88	287	5	781	730	5	46	105
1990	314	1.52	478	105	315	--	781	730	5	46	117
Ireland											
1986	7	2.29	16	--	7	11	12	11	--	1	--
1987	4	2.25	9	--	14	11	12	10	--	2	--
1988	4	2.25	9	--	15	11	13	11	--	2	--
1989	4	2.25	9	--	15	11	13	11	--	2	--
1990	5	2.00	10	--	14	11	13	11	--	2	--
Italy											
1986	364	3.04	1,108	147	1,234	7	2,332	2,155	27	150	150
1987	713	2.96	2,109	150	694	7	2,666	2,440	26	200	280
1988	624	2.93	1,826	280	910	6	2,725	2,461	29	235	285
1989	609	3.24	1,972	285	838	5	2,835	2,531	29	275	255
1990	652	3.15	2,057	255	763	5	2,810	2,520	30	260	260
Netherlands											
1986	9	2.78	25	159	4,263	250	4,028	3,452	136	440	169
1987	14	2.57	36	169	4,784	331	4,436	3,652	99	685	222
1988	12	2.50	30	222	4,105	258	3,931	3,511	110	310	168
1989	14	2.36	33	168	4,278	295	4,029	3,609	116	304	155
1990	17	2.06	35	155	4,325	350	3,955	3,480	116	359	210
United Kingdom											
1986	310	3.06	948	100	1,200	455	1,690	1,273	160	257	103
1987	396	3.44	1,363	103	1,187	200	2,191	1,768	158	265	262
1988	354	3.01	1,066	262	970	106	2,051	1,713	160	178	141
1989	341	2.88	983	141	1,143	105	2,100	1,820	165	115	62
1990	416	3.00	1,246	62	1,140	145	2,236	1,916	175	145	67
Portugal											
1986	44	0.75	33	32	1,229	--	1,246	1,142	4	100	48
1987	43	0.65	28	48	1,092	3	1,138	973	5	160	27
1988	75	0.77	58	27	928	--	986	781	5	200	27
1989	60	0.80	48	27	1,049	--	1,098	887	6	205	26
1990	76	0.80	61	26	1,062	--	1,122	905	7	210	27
Spain											
1986	1,161	0.92	1,066	8	2,770	2	3,772	3,369	63	340	70
1987	1,085	1.06	1,151	70	2,427	64	3,524	3,144	74	306	60
1988	1,073	1.24	1,331	60	2,100	1	3,436	2,976	83	377	54
1989	1,055	0.99	1,042	54	2,587	--	3,612	3,140	77	395	71
1990	1,271	1.19	1,513	71	2,366	31	3,751	3,303	83	365	168
Total EC-12											
1986	4,054	2.07	8,377	800	19,637	3,352	24,364	22,011	591	1,762	1,098
1987	5,090	2.43	12,374	1,098	18,859	4,350	26,243	23,365	564	2,314	1,649
1988	4,973	2.31	11,468	1,649	16,126	3,551	24,492	21,908	609	1,975	1,200
1989	4,702	2.34	10,986	1,200	17,274	2,983	25,425	22,739	638	2,048	1,052
1990	5,494	2.31	12,710	1,052	16,988	3,399	26,124	23,322	663	2,139	1,227

See footnotes at end of table.

Continued--

Appendix table 20--Supply and use of total oilseeds in Western Europe, 1986-90 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
	1,000 hectares	Tons per hectare	----- 1,000 tons -----								
Other Western Europe											
Austria											
1986	11	2.55	28	2	17	30	17	--	7	10	--
1987	34	2.94	100	--	20	97	23	2	8	13	--
1988	59	2.63	155	--	16	85	86	53	9	24	--
1989	65	2.75	179	--	15	70	124	95	9	20	--
1990	83	2.58	214	--	14	--	228	198	9	21	--
Finland											
1986	75	1.85	139	5	154	--	261	260	--	1	37
1987	81	1.11	90	37	201	--	299	298	--	1	29
1988	86	1.44	124	29	142	--	290	289	--	1	5
1989	74	1.61	119	5	148	--	259	258	--	1	13
1990	75	1.60	120	13	144	--	264	263	--	1	13
Norway											
1986	6	1.83	11	35	321	--	335	306	4	25	32
1987	7	1.29	9	32	301	--	323	296	4	23	19
1988	7	1.29	9	19	304	--	313	290	4	19	19
1989	7	1.29	9	19	308	--	317	300	4	13	19
1990	7	1.57	11	19	318	--	329	310	4	15	19
Sweden											
1986	171	1.88	321	22	28	59	298	277	10	11	14
1987	164	1.52	250	14	44	5	287	266	11	10	16
1988	146	1.71	249	16	45	8	288	263	11	14	14
1989	175	2.11	370	14	33	56	338	315	11	12	23
1990	175	2.15	376	23	33	69	340	315	11	14	23
Switzerland											
1986	17	2.88	49	--	151	--	200	192	5	3	--
1987	17	2.94	50	--	136	--	186	178	5	3	--
1988	18	2.89	52	--	148	--	200	191	5	4	--
1989	18	3.11	56	--	149	--	205	196	5	4	--
1990	18	3.06	55	--	146	--	201	192	5	4	--
Total Other Western Europe											
1986	280	1.96	548	64	671	89	1,111	1,035	26	50	83
1987	303	1.65	499	83	702	102	1,118	1,040	28	50	64
1988	316	1.86	589	64	655	93	1,177	1,086	29	62	38
1989	339	2.16	733	38	653	126	1,243	1,164	29	50	55
1990	358	2.17	776	55	655	69	1,362	1,278	29	55	55
Total Western Europe											
1986	4,334	2.06	8,925	--	--	3,441	25,475	23,046	617	1,812	--
1987	5,393	2.39	12,873	--	--	4,452	27,361	24,405	592	2,364	--
1988	5,289	2.28	12,057	--	--	3,644	25,669	22,994	638	2,037	--
1989	5,041	2.32	11,719	--	--	3,109	26,668	23,903	667	2,098	--
1990	5,852	2.30	13,486	--	--	3,468	27,486	24,600	692	2,194	--

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 21--Supply and use of sugar in Western Europe, 1986-90 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Human consumption	Other uses	Ending stocks
----- 1,000 tons -----								
European Community								
Belgium-Luxembourg								
1986	1,026	94	116	702	442	442	--	92
1987	1,019	92	28	380	651	651	--	108
1988	1,005	108	89	387	719	719	--	96
1989	1,005	96	34	393	611	611	--	131
1990	1,038	131	25	464	620	620	--	110
Denmark								
1986	576	101	1	324	253	232	21	101
1987	542	101	1	296	237	--	237	111
1988	422	111	5	247	250	250	--	41
1989	550	41	1	298	247	247	--	47
1990	529	47	1	260	252	252	--	65
France								
1986	4,297	1,007	350	2,622	1,990	1,990	--	1,042
1987	3,707	1,042	367	1,917	2,165	2,125	40	1,034
1988	3,966	1,034	361	2,535	2,117	2,067	50	709
1989	4,372	709	382	2,804	2,018	1,968	50	641
1990	4,198	641	314	2,847	1,956	1,906	50	350
Germany, Fed. Rep.								
1986	3,430	566	180	1,242	2,242	2,231	11	692
1987	3,469	692	161	1,403	2,212	2,208	4	707
1988	2,968	707	194	1,123	2,273	2,273	--	473
1989	3,003	473	180	1,064	2,267	2,267	--	325
1990	3,340	325	170	1,150	2,370	2,370	--	315
Greece								
1986	368	34	--	27	348	--	348	27
1987	312	27	55	--	348	348	--	46
1988	194	46	167	--	343	343	--	64
1989	216	64	76	--	325	325	--	31
1990	421	31	--	31	326	326	--	95
Ireland								
1986	189	104	11	61	167	167	--	76
1987	202	76	10	42	166	166	--	80
1988	242	80	20	76	167	167	--	99
1989	212	99	8	60	163	163	--	96
1990	230	96	8	85	164	164	--	85
Italy								
1986	1,352	350	340	6	1,780	1,780	--	256
1987	1,868	256	137	72	1,750	1,750	--	439
1988	1,869	439	162	241	1,750	1,750	--	479
1989	1,609	479	120	126	1,750	1,750	--	332
1990	1,880	332	125	241	1,750	1,750	--	346
Netherlands								
1986	975	149	65	137	782	782	--	270
1987	1,324	270	89	666	784	784	--	233
1988	1,065	233	59	366	768	768	--	223
1989	1,074	223	73	446	810	810	--	114
1990	1,240	114	68	524	811	811	--	87
United Kingdom								
1986	1,315	124	1,484	275	2,228	2,228	--	420
1987	1,433	420	1,235	366	2,324	2,324	--	398
1988	1,335	398	1,323	340	2,378	2,378	--	338
1989	1,417	338	1,429	366	2,475	2,475	--	343
1990	1,370	343	1,320	385	2,300	2,300	--	348
Portugal								
1986	3	199	229	19	287	287	--	125
1987	4	125	235	13	291	291	--	60
1988	2	60	276	6	312	312	--	20
1989	2	20	360	--	340	340	--	42
1990	2	42	325	--	345	345	--	24
Spain								
1986	981	654	59	135	1,149	1,149	--	410
1987	1,109	410	118	252	1,145	1,145	--	240
1988	1,092	240	139	130	1,171	1,171	--	170
1989	1,290	170	157	125	1,157	1,157	--	335
1990	1,050	335	155	141	1,160	1,160	--	239
Total EC-12								
1986	14,512	3,382	2,835	5,550	11,668	11,288	380	3,511
1987	14,989	3,511	2,436	5,407	12,073	11,792	281	3,456
1988	14,160	3,456	2,795	5,451	12,248	12,198	50	2,712
1989	14,750	2,712	2,820	5,682	12,163	12,113	50	2,437
1990	15,298	2,437	2,511	6,128	12,054	12,004	50	2,064

See footnotes at end of table.

Continued--

Appendix table 21--Supply and use of sugar in Western Europe, 1986-90 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Total consumption	Human consumption	Other uses	Ending stocks
Other Western Europe	----- 1,000 tons -----							
Austria								
1986	468	179	--	88	358	349	9	201
1987	308	201	--	36	361	350	11	112
1988	390	112	--	58	367	356	11	77
1989	358	77	--	22	376	364	12	37
1990	460	37	--	67	383	371	12	47
Finland								
1986	103	100	73	7	199	198	1	70
1987	134	70	97	14	207	206	1	80
1988	70	80	115	13	216	215	1	36
1989	154	36	95	7	212	211	1	66
1990	168	66	76	24	212	211	1	74
Norway								
1986	--	15	166	--	166	--	166	15
1987	--	15	169	--	170	--	170	14
1988	--	14	170	--	170	--	170	14
1989	--	14	170	--	165	--	165	19
1990	--	19	160	--	160	--	160	19
Sweden								
1986	329	111	44	21	360	360	--	103
1987	368	103	46	38	354	354	--	125
1988	264	125	92	44	362	362	--	75
1989	375	75	42	47	356	356	--	89
1990	401	89	45	45	355	355	--	135
Switzerland								
1986	139	229	175	32	265	262	3	246
1987	129	246	161	1	298	295	3	237
1988	123	237	136	--	291	288	3	205
1989	150	205	141	--	296	293	3	200
1990	150	200	134	--	285	282	3	199
Total Other Western Europe								
1986	1,039	647	483	148	1,375	1,169	206	646
1987	939	646	500	89	1,418	1,205	213	578
1988	847	578	541	115	1,434	1,221	213	417
1989	1,037	417	477	76	1,434	1,224	210	421
1990	1,179	421	444	136	1,424	1,219	205	484
Total Western Europe								
1986	15,551	4,029	3,318	5,698	13,043	12,457	586	4,157
1987	15,928	4,157	2,936	5,496	13,491	12,997	494	4,034
1988	15,007	4,034	3,336	5,566	13,682	13,419	263	3,129
1989	15,787	3,129	3,297	5,758	13,597	13,337	260	2,858
1990	16,477	2,858	2,955	6,264	13,478	13,223	255	2,548

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 22--Supply and use of beef and veal in Western Europe, 1986-1990 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 head			1,000 tons			
Belgium-Luxembourg							
1986	1,037	331	9	31	98	260	13
1987	992	327	13	31	100	259	12
1988	994	323	12	22	116	235	6
1989	949	315	6	23	110	233	1
1990	972	320	1	24	113	231	1
Denmark							
1986	1,013	243	62	18	189	86	48
1987	963	235	48	24	175	82	50
1988	887	217	50	25	161	94	37
1989	816	204	37	28	155	96	18
1990	800	200	18	30	135	96	17
France							
1986	7,641	1,862	256	323	565	1,709	167
1987	7,774	1,912	167	306	470	1,722	193
1988	7,128	1,780	193	319	445	1,662	185
1989	6,580	1,670	185	347	390	1,600	212
1990	6,330	1,670	212	317	405	1,600	194
Greece							
1986	410	79	--	141	--	220	--
1987	431	86	--	171	--	255	2
1988	411	82	2	168	--	252	--
1989	420	85	--	175	--	257	3
1990	413	85	3	175	--	260	3
Ireland							
1986	1,717	511	237	7	411	88	256
1987	1,624	484	256	13	431	81	241
1988	1,452	459	241	13	370	79	264
1989	1,366	412	264	19	402	79	214
1990	1,446	458	214	16	400	79	209
Italy							
1986	5,100	1,180	230	478	138	1,657	93
1987	4,870	1,205	93	468	111	1,555	100
1988	4,919	1,164	100	418	93	1,549	40
1989	4,855	1,150	40	470	80	1,545	35
1990	4,830	1,145	35	480	80	1,550	30
Netherlands							
1986	2,513	546	25	69	351	254	35
1987	2,450	535	35	69	320	294	25
1988	2,216	506	25	76	314	263	30
1989	2,059	478	30	65	310	258	5
1990	1,980	460	5	75	300	235	5
Portugal							
1986	540	116	14	16	--	126	20
1987	483	105	20	23	--	133	15
1988	482	111	15	28	--	138	16
1989	490	112	16	24	--	139	13
1990	500	114	13	23	--	140	10
Spain							
1986	1,922	440	8	23	--	451	20
1987	1,982	449	20	34	10	473	20
1988	1,984	450	20	39	22	482	5
1989	1,900	446	5	32	29	451	3
1990	1,976	447	3	34	25	458	1
United Kingdom							
1986	3,845	1,028	121	367	188	1,232	96
1987	4,071	1,088	96	375	192	1,283	84
1988	3,374	945	84	418	135	1,234	78
1989	3,430	990	78	375	156	1,237	50
1990	3,530	1,000	50	405	150	1,245	60
Germany, Fed. Rep.							
1986	5,936	1,696	205	300	579	1,433	189
1987	5,903	1,680	189	312	466	1,447	268
1988	5,501	1,609	268	309	473	1,443	270
1989	5,235	1,595	270	305	560	1,440	170
1990	5,290	1,610	170	310	540	1,425	125
Total EC-12							
1986	31,674	8,032	1,167	1,773	2,519	7,516	937
1987	31,543	8,106	937	1,826	2,275	7,584	1,010
1988	29,348	7,646	1,010	1,835	2,129	7,431	931
1989	28,100	7,457	931	1,863	2,192	7,335	724
1990	28,067	7,509	724	1,889	2,148	7,319	655

See footnotes at end of table.

Continued --

Appendix table 22--Supply and use of beef and veal in Western Europe, 1986-1990 1/--Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
Other Western Europe	1,000 head			1,000 tons			
Austria							
1986	869	232	2	1	63	168	4
1987	866	230	4	2	63	170	3
1988	827	222	3	3	58	169	1
1989	794	213	1	3	48	168	1
1990	805	216	1	3	52	167	1
Finland							
1986	619	124	7	--	22	102	7
1987	615	123	7	--	22	103	5
1988	543	111	5	3	11	103	5
1989	487	104	5	2	6	101	4
1990	467	100	4	3	1	102	4
Norway							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Sweden							
1986	696	147	12	8	23	139	5
1987	596	135	5	15	6	145	4
1988	547	127	4	21	5	142	5
1989	552	134	5	15	6	143	5
1990	558	137	5	14	7	144	5
Switzerland							
1986	843	170	4	11	4	177	4
1987	866	173	4	14	6	185	--
1988	787	157	--	16	1	171	1
1989	796	163	1	14	2	174	2
1990	802	161	2	15	2	173	3
Other Western Europe							
1986	3,027	673	25	20	112	586	20
1987	2,943	661	20	31	97	603	12
1988	2,704	617	12	43	75	585	12
1989	2,629	614	12	34	62	586	12
1990	2,632	614	12	35	62	586	13
Total Western Europe							
1986	34,701	8,705	1,192	1,793	2,631	8,102	957
1987	34,486	8,767	957	1,857	2,372	8,187	1,022
1988	32,052	8,263	1,022	1,878	2,204	8,016	943
1989	30,729	8,071	943	1,897	2,254	7,921	736
1990	30,699	8,123	736	1,924	2,210	7,905	668

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 23--Supply and use of pork in Western Europe, 1986-1990 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 -- head			1,000 tons			
Belgium-Luxembourg							
1986	8,725	745	39	32	292	517	7
1987	9,160	788	7	32	320	498	9
1988	9,294	813	9	39	344	509	8
1989	9,440	815	8	40	375	485	3
1990	9,500	825	3	40	390	475	3
Denmark							
1986	16,117	1,143	--	--	818	325	--
1987	16,080	1,149	--	2	811	340	--
1988	16,199	1,168	--	9	844	333	--
1989	15,915	1,160	--	15	860	315	--
1990	15,995	1,180	--	18	880	318	--
France							
1986	19,743	1,520	1	435	80	1,871	5
1987	19,960	1,536	5	430	129	1,837	5
1988	20,741	1,599	5	447	180	1,866	5
1989	20,815	1,610	5	450	190	1,870	5
1990	20,800	1,610	5	440	190	1,860	5
Greece							
1986	2,343	150	--	62	--	212	--
1987	2,370	164	--	60	--	222	2
1988	2,309	160	2	50	--	212	--
1989	2,200	158	--	57	--	215	--
1990	2,187	157	--	62	--	217	2
Ireland							
1986	2,159	137	--	19	40	116	--
1987	2,176	141	--	17	41	117	--
1988	2,216	144	--	16	36	124	--
1989	2,220	143	--	20	39	124	--
1990	2,235	145	--	22	42	125	--
Italy							
1986	11,100	1,170	97	464	48	1,608	75
1987	11,200	1,190	75	463	57	1,626	45
1988	11,737	1,269	45	465	58	1,700	21
1989	11,970	1,276	21	480	59	1,708	10
1990	11,980	1,280	10	490	60	1,710	10
Netherlands							
1986	17,905	1,449	10	33	860	620	12
1987	18,800	1,524	12	37	939	630	4
1988	20,061	1,632	4	53	990	689	10
1989	19,878	1,632	10	40	1,010	667	5
1990	20,000	1,630	5	40	990	680	5
Portugal							
1986	3,280	225	6	15	--	230	16
1987	3,156	217	16	9	--	227	15
1988	3,066	211	15	25	--	246	5
1989	2,984	207	5	35	--	246	1
1990	2,846	198	1	49	--	247	1
Spain							
1986	15,921	1,166	4	62	1	1,231	--
1987	20,090	1,489	--	45	1	1,533	--
1988	22,833	1,722	--	39	2	1,759	--
1989	22,980	1,720	--	61	3	1,778	--
1990	22,930	1,730	--	68	4	1,794	--
United Kingdom							
1986	15,606	1,022	30	515	58	1,474	35
1987	15,926	1,025	35	530	50	1,510	30
1988	15,782	1,048	30	532	59	1,524	27
1989	14,700	988	27	590	60	1,525	20
1990	14,870	1,005	20	550	60	1,495	20
Germany, Fed. Rep.							
1986	39,443	2,832	4	511	130	3,209	8
1987	39,505	2,856	8	543	133	3,267	7
1988	38,936	2,838	7	605	146	3,298	6
1989	36,675	2,695	6	610	142	3,164	5
1990	36,675	2,720	5	625	150	3,195	5
Total EC-12							
1986	152,342	11,559	191	2,148	2,327	11,413	158
1987	158,423	12,079	158	2,168	2,481	11,807	117
1988	163,174	12,604	117	2,280	2,659	12,260	82
1989	159,777	12,404	82	2,398	2,738	12,097	49
1990	160,018	12,480	49	2,404	2,766	12,116	51

See footnotes at end of table.

Continued--

Appendix table 23--Supply and use of pork in Western Europe, 1986-1990 1/--Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
Other Western Europe	1,000 head			1,000 tons			
Austria							
1986	5,141	389	1	--	1	389	--
1987	5,126	388	--	--	--	387	1
1988	5,264	399	1	--	5	394	1
1989	5,140	389	1	4	5	388	1
1990	5,250	397	1	--	5	392	1
Finland							
1986	2,260	173	6	--	10	160	9
1987	2,264	175	9	--	17	160	7
1988	2,174	168	7	1	9	161	6
1989	2,154	169	6	--	8	160	7
1990	2,205	172	7	--	11	162	6
Norway							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Sweden							
1986	3,949	309	4	7	52	263	5
1987	3,629	289	5	13	36	266	5
1988	3,720	300	5	16	40	277	4
1989	3,790	304	4	12	47	269	4
1990	3,640	292	4	16	29	279	4
Switzerland							
1986	3,435	286	--	5	1	290	--
1987	3,386	278	--	6	--	283	1
1988	3,354	279	1	2	--	281	1
1989	3,361	277	1	3	1	279	1
1990	3,360	281	1	2	--	283	1
Other Western Europe							
1986	14,785	1,157	11	12	64	1,102	14
1987	14,405	1,130	14	19	53	1,096	14
1988	14,512	1,146	14	19	54	1,113	12
1989	14,445	1,139	12	19	61	1,096	13
1990	14,455	1,142	13	18	45	1,116	12
Total Western Europe							
1986	167,127	12,716	202	2,160	2,391	12,515	172
1987	172,828	13,209	172	2,187	2,534	12,903	131
1988	177,686	13,750	131	2,299	2,713	13,373	94
1989	174,222	13,543	94	2,417	2,799	13,193	62
1990	174,473	13,622	62	2,422	2,811	13,232	63

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 24--Supply and use of lamb, mutton, and goat in Western Europe, 1986-1990 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community	1,000 head			1,000 tons			
Belgium-Luxembourg							
1986	325	8	--	14	4	1	--
1987	309	7	--	15	4	18	--
1988	301	7	--	15	4	18	--
1989	300	7	--	15	4	18	--
1990	307	7	--	15	4	18	--
Denmark							
1986	35	1	--	2	--	3	--
1987	53	1	--	3	--	4	--
1988	49	1	--	3	--	4	--
1989	57	2	--	3	--	5	--
1990	64	2	--	3	--	5	--
France							
1986	8,650	166	--	83	4	245	--
1987	8,592	157	--	93	5	245	--
1988	8,545	153	--	103	5	251	--
1989	8,300	150	--	111	6	255	--
1990	8,200	148	--	116	7	257	--
Greece							
1986	9,750	110	--	18	--	128	--
1987	10,000	124	--	15	--	137	2
1988	10,080	123	2	14	--	137	2
1989	10,100	125	2	14	--	139	2
1990	10,350	130	2	12	--	142	2
Ireland							
1986	2,000	46	--	--	22	24	--
1987	2,070	48	--	--	24	24	--
1988	2,139	49	--	--	25	24	--
1989	2,790	63	--	--	37	26	--
1990	3,390	78	--	--	52	26	--
Italy							
1986	7,959	67	1	19	--	86	1
1987	8,053	68	1	21	--	90	--
1988	8,467	76	--	23	2	97	--
1989	9,080	79	--	24	2	101	--
1990	9,100	80	--	24	2	102	--
Netherlands							
1986	430	8	--	2	5	5	--
1987	475	10	--	3	6	7	--
1988	455	12	--	3	5	10	--
1989	521	13	--	4	6	11	--
1990	520	13	--	4	6	11	--
Portugal							
1986	2,122	29	2	--	--	29	2
1987	2,285	29	2	4	--	30	5
1988	2,454	30	5	4	--	34	5
1989	2,488	30	5	4	1	34	4
1990	2,519	31	4	3	1	35	2
Spain							
1986	10,851	136	--	7	5	138	--
1987	17,514	225	--	11	8	228	--
1988	18,566	231	--	15	11	235	--
1989	18,100	221	--	9	6	224	--
1990	21,160	250	--	6	10	246	--
United Kingdom							
1986	15,060	284	48	125	60	367	30
1987	15,780	297	30	131	71	360	27
1988	17,114	321	27	131	76	385	18
1989	19,390	365	18	135	90	408	20
1990	18,200	345	20	135	100	380	20
Germany, Fed. Rep.							
1986	1,243	26	--	26	1	51	--
1987	1,435	29	--	25	1	53	--
1988	1,467	30	--	26	2	54	--
1989	1,600	31	--	32	2	61	--
1990	1,625	31	--	33	3	61	--
Total EC-12							
1986	58,425	881	51	296	101	1,094	33
1987	66,566	995	33	321	119	1,196	34
1988	69,637	1,033	34	337	130	1,249	25
1989	72,726	1,086	25	351	154	1,282	26
1990	75,435	1,115	26	351	185	1,283	24

See footnotes at end of table.

Continued--

Appendix table 24--Supply and use of lamb, mutton, and goat in Western Europe, 1986-1990 1/--Continued

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
Other Western Europe	1,000 head	1,000 tons					
Austria							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Finland							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Norway							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Sweden							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Switzerland							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Other Western Europe							
1986	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--
Total Western Europe							
1986	58,425	881	51	296	101	1,094	33
1987	66,566	995	33	321	119	1,196	34
1988	69,637	1,033	34	337	130	1,249	25
1989	72,726	1,086	25	351	154	1,282	26
1990	75,435	1,115	26	351	185	1,283	24

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 25--Supply and use of poultry in Western Europe, 1986-1990 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
----- 1,000 tons -----						
Belgium-Luxembourg						
1986	169	2	36	42	163	2
1987	172	2	37	47	163	1
1988	186	1	45	59	172	1
1989	189	1	48	61	176	1
1990	191	1	51	63	179	1
Denmark						
1986	115	8	4	57	60	10
1987	113	10	4	59	60	8
1988	117	8	3	62	59	7
1989	119	7	4	63	59	8
1990	120	8	4	64	60	8
France						
1986	1,325	87	30	369	1,028	45
1987	1,393	45	38	367	1,049	60
1988	1,434	60	55	402	1,083	64
1989	1,470	64	62	440	1,100	56
1990	1,490	56	67	460	1,110	43
Greece						
1986	146	6	5	--	154	3
1987	148	3	5	--	153	3
1988	150	3	5	--	154	4
1989	150	4	5	--	156	3
1990	152	3	7	--	158	4
Ireland						
1986	57	--	8	5	60	--
1987	58	--	8	5	61	--
1988	59	--	8	5	62	1
1989	60	1	8	5	63	1
1990	60	1	8	5	64	--
Italy						
1986	940	--	24	9	955	--
1987	982	--	25	19	988	--
1988	996	--	31	12	1,015	--
1989	1,013	--	24	13	1,024	--
1990	1,015	--	24	13	1,026	--
Netherlands						
1986	442	19	44	289	193	23
1987	471	23	52	308	215	23
1988	485	23	72	337	221	22
1989	505	22	73	350	225	25
1990	510	25	75	355	230	25
Portugal						
1986	162	--	--	--	162	--
1987	197	--	--	--	197	--
1988	205	--	2	1	206	--
1989	208	--	2	1	209	--
1990	214	--	2	1	215	--
Spain						
1986	759	--	35	5	789	--
1987	790	--	50	6	834	--
1988	829	--	60	10	879	--
1989	822	--	70	11	881	--
1990	821	--	71	12	880	--
United Kingdom						
1986	922	30	88	32	981	27
1987	999	27	82	50	1,028	30
1988	1,056	30	79	60	1,075	30
1989	1,076	30	83	64	1,095	30
1990	1,140	30	73	71	1,142	30
Germany, Fed. Rep.						
1986	376	--	266	27	615	--
1987	389	--	284	32	641	--
1988	411	--	314	39	686	--
1989	418	--	331	43	706	--
1990	430	--	346	46	730	--
Total EC-12						
1986	5,413	152	540	835	5,160	110
1987	5,712	110	585	893	5,389	125
1988	5,928	125	674	987	5,612	129
1989	6,030	129	710	1,051	5,694	124
1990	6,143	124	728	1,090	5,794	111

See footnotes at end of table.

Continued--

Appendix table 25--Supply and use of poultry in Western Europe, 1986-1990 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
Other Western Europe						
----- 1,000 tons -----						
Austria						
1986	73	--	14	--	87	--
1987	75	--	18	--	93	--
1988	75	--	15	--	90	--
1989	76	--	17	--	93	--
1990	77	--	19	--	96	--
Finland						
1986	22	1	--	--	23	--
1987	27	--	--	--	26	1
1988	28	1	--	--	28	1
1989	31	1	--	--	31	1
1990	33	1	--	--	33	1
Norway						
1986	--	--	--	--	--	--
1987	--	--	--	--	--	--
1988	--	--	--	--	--	--
1989	--	--	--	--	--	--
1990	--	--	--	--	--	--
Sweden						
1986	45	6	--	--	45	6
1987	46	6	--	--	46	6
1988	47	6	--	--	48	5
1989	47	5	--	--	48	4
1990	47	4	--	--	48	3
Switzerland						
1986	28	--	36	--	64	--
1987	29	--	40	--	69	--
1988	31	--	43	1	73	--
1989	33	--	44	--	77	--
1990	36	--	44	--	80	--
Other Western Europe						
1986	168	7	50	--	219	6
1987	177	6	58	--	234	7
1988	181	7	58	1	239	6
1989	187	6	61	--	249	5
1990	193	5	63	--	257	4
Total Western Europe						
1986	5,581	159	590	835	5,379	116
1987	5,889	116	643	893	5,623	132
1988	6,109	132	732	988	5,851	135
1989	6,217	135	771	1,051	5,943	129
1990	6,336	129	791	1,090	6,051	115

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 26--Supply and use of fluid milk in Western Europe, 1986-1990 1/

Country and year	Dairy cows	Cow milk production	Other milk production	Total milk production	Total imports	Total exports	Total milk consumption	Fluid use	Factory use	Feed use
European Community	1,000 head --					1,000 tons				
Belgium-Luxembourg										
1986	1,012	4,213	--	4,213	75	275	4,013	725	3,093	195
1987	984	4,074	--	4,074	70	269	3,875	658	3,019	198
1988	954	3,915	--	3,915	73	429	3,559	601	2,771	187
1989	935	3,965	--	3,965	75	400	3,640	608	2,848	184
1990	900	3,900	--	3,900	70	400	3,570	613	2,777	180
Denmark										
1986	864	5,111	--	5,111	3	27	5,087	645	4,317	125
1987	811	4,860	--	4,860	3	30	4,833	635	4,073	125
1988	774	4,739	--	4,739	4	28	4,715	630	3,960	125
1989	763	4,747	--	4,747	3	26	4,724	627	3,972	125
1990	755	4,720	--	4,720	3	26	4,697	625	3,947	125
France										
1986	6,506	28,074	1,471	29,545	101	666	28,980	4,971	22,170	1,839
1987	6,359	27,146	1,440	28,586	100	556	28,130	4,874	21,480	1,776
1988	5,841	26,000	1,450	27,450	162	648	26,964	4,412	20,850	1,702
1989	5,820	25,800	1,450	27,250	151	411	26,990	4,447	20,900	1,643
1990	5,815	25,800	1,450	27,250	151	450	26,951	4,450	20,900	1,601
Greece										
1986	350	643	1,077	1,720	210	--	1,930	890	1,040	--
1987	350	628	1,072	1,700	172	--	1,872	854	1,018	--
1988	345	652	1,124	1,776	141	--	1,917	860	1,057	--
1989	343	663	1,125	1,788	136	--	1,924	854	1,070	--
1990	342	661	1,140	1,801	132	--	1,933	870	1,063	--
Ireland										
1986	1,528	5,816	--	5,816	1	23	5,794	638	4,956	200
1987	1,490	5,751	--	5,751	--	31	5,720	640	4,860	220
1988	1,444	5,573	--	5,573	--	29	5,544	611	4,683	250
1989	1,387	5,500	--	5,500	--	20	5,480	608	4,692	180
1990	1,400	5,600	--	5,600	--	25	5,575	605	4,740	230
Italy										
1986	3,021	10,278	674	10,952	1,780	2	12,730	4,537	8,193	--
1987	3,021	10,300	770	11,070	1,630	1	12,699	4,400	7,643	656
1988	3,024	10,671	720	11,391	1,622	2	13,011	4,353	8,658	--
1989	2,973	10,600	715	11,315	1,376	2	12,689	4,300	8,389	--
1990	2,970	10,600	715	11,315	1,375	2	12,688	4,300	8,388	--
Netherlands										
1986	2,247	12,695	13	12,708	78	84	12,702	1,953	10,517	232
1987	2,043	11,672	19	11,691	443	72	12,062	1,949	9,879	234
1988	1,946	11,406	50	11,456	643	85	12,014	1,962	9,809	243
1989	1,886	11,301	32	11,333	670	94	11,909	2,041	9,629	239
1990	1,900	11,420	20	11,440	680	100	12,020	2,000	9,780	240
Portugal										
1986	262	1,200	122	1,322	--	--	1,322	680	641	1
1987	388	1,253	127	1,380	--	--	1,380	694	684	2
1988	402	1,346	25	1,371	--	1	1,370	769	599	2
1989	414	1,386	26	1,412	--	6	1,406	789	615	2
1990	415	1,390	26	1,416	--	5	1,411	792	617	2
Spain										
1986	1,363	5,971	611	6,582	208	9	6,781	3,700	2,815	266
1987	1,890	5,941	671	6,612	156	8	6,760	3,740	2,760	260
1988	1,882	5,950	650	6,600	186	2	6,784	4,244	2,290	250
1989	1,880	6,000	660	6,660	180	2	6,838	4,250	2,338	250
1990	1,875	6,100	660	6,760	200	2	6,958	4,260	2,448	250
United Kingdom										
1986	3,293	16,218	--	16,218	34	7	16,245	7,189	8,887	169
1987	3,311	15,360	--	15,360	42	11	15,391	7,010	8,201	180
1988	3,166	14,880	--	14,880	47	12	14,915	7,000	7,650	265
1989	3,142	14,666	--	14,666	35	68	14,633	6,975	7,455	203
1990	3,224	14,750	--	14,750	40	75	14,715	6,900	7,605	210
Germany, Fed. Rep.										
1986	5,437	26,350	--	26,350	111	1,342	25,119	3,292	20,442	1,385
1987	5,277	24,436	--	24,436	109	1,704	22,841	3,328	18,038	1,475
1988	5,059	23,974	--	23,974	135	1,614	22,495	3,575	17,383	1,537
1989	4,950	24,242	--	24,242	127	1,517	22,852	3,902	17,450	1,500
1990	4,900	23,900	--	23,900	130	1,470	22,560	4,060	17,100	1,400
Total EC-12										
1986	25,883	116,569	3,968	120,537	2,601	2,435	120,703	29,220	87,071	4,412
1987	25,924	111,421	4,099	115,520	2,725	2,682	115,563	28,782	81,655	5,126
1988	24,837	109,106	4,019	113,125	3,013	2,850	113,288	29,017	79,710	4,561
1989	24,493	108,870	4,008	112,878	2,753	2,546	113,085	29,401	79,358	4,326
1990	24,496	108,841	4,011	112,852	2,781	2,555	113,078	29,475	79,365	4,238

See footnotes at end of table.

Continued--

Appendix table 26--Supply and use of fluid milk in Western Europe, 1986-1990 1/

Country and year	Dairy cows	Cow milk production	Other milk production	Total milk production	Total imports	Total exports	Total milk consumption	Fluid use	Factory use	Feed use
Other Western Europe	1,000 head						1,000 tons			
Austria										
1986	989	3,739	13	3,752	--	4	3,748	1,209	1,855	684
1987	976	3,687	13	3,700	--	4	3,696	1,210	1,740	746
1988	891	3,320	13	3,333	--	3	3,330	1,010	1,650	670
1989	860	3,330	13	3,343	--	4	3,339	1,030	1,690	619
1990	830	3,330	13	3,343	--	4	3,339	1,050	1,710	579
Finland										
1986	603	3,071	--	3,071	10	5	3,076	880	2,130	66
1987	580	2,938	--	2,938	12	--	2,950	851	2,036	63
1988	535	2,721	--	2,721	10	--	2,731	827	1,844	60
1989	502	2,611	--	2,611	10	--	2,621	777	1,786	58
1990	495	2,576	--	2,576	10	--	2,586	753	1,778	55
Norway										
1986	374	1,952	26	1,978	--	--	1,978	857	1,069	52
1987	357	1,961	28	1,989	--	--	1,989	884	1,055	50
1988	346	1,908	27	1,935	--	--	1,935	890	999	46
1989	343	1,903	26	1,929	--	--	1,929	890	994	45
1990	340	1,900	25	1,925	--	--	1,925	990	890	45
Sweden										
1986	600	3,533	--	3,533	--	10	3,523	1,371	2,075	77
1987	576	3,477	--	3,477	--	11	3,466	1,363	2,027	76
1988	565	3,445	--	3,445	--	10	3,435	1,351	2,026	58
1989	562	3,489	--	3,489	--	10	3,479	1,319	2,102	58
1990	567	3,533	--	3,533	--	10	3,523	1,288	2,177	58
Switzerland										
1986	806	3,845	22	3,867	23	11	3,879	739	2,501	639
1987	790	3,768	22	3,790	23	10	3,803	724	2,409	670
1988	786	3,768	22	3,790	23	9	3,804	709	2,465	630
1989	783	3,773	22	3,795	23	10	3,808	712	2,446	650
1990	782	3,772	22	3,794	23	10	3,807	710	2,452	645
Other Western Europe										
1986	3,372	16,140	61	16,201	33	30	16,204	5,056	9,630	1,518
1987	3,279	15,831	63	15,894	35	25	15,904	5,032	9,267	1,605
1988	3,123	15,162	62	15,224	33	22	15,235	4,787	8,984	1,464
1989	3,050	15,106	61	15,167	33	24	15,176	4,728	9,018	1,430
1990	3,014	15,111	60	15,171	33	24	15,180	4,791	9,007	1,382
Total Western Europe										
1986	29,255	132,709	4,029	136,738	2,634	2,465	136,907	34,276	96,701	5,930
1987	29,203	127,252	4,162	131,414	2,760	2,707	131,467	33,814	90,922	6,731
1988	27,960	124,268	4,081	128,349	3,046	2,872	128,523	33,804	88,694	6,025
1989	27,543	123,976	4,069	128,045	2,786	2,570	128,261	34,129	88,376	5,756
1990	27,510	123,952	4,071	128,023	2,814	2,579	128,258	34,266	88,372	5,620

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 27--Supply and use of butter in Western Europe, 1986-90 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
----- 1,000 tons -----						
European Community						
Belgium-Luxembourg						
1986	108	29	132	137	90	42
1987	94	42	151	160	97	30
1988	81	30	178	164	110	15
1989	90	15	170	160	100	15
1990	85	15	160	155	90	15
Denmark						
1986	112	15	14	66	56	19
1987	96	19	12	70	52	5
1988	94	5	18	60	57	--
1989	92	--	15	55	52	--
1990	90	--	14	53	51	--
France						
1986	633	121	80	112	513	209
1987	569	209	85	182	482	199
1988	521	199	109	172	477	180
1989	524	180	80	108	455	221
1990	525	221	77	125	440	258
Germany, Fed. Rep.						
1986	567	505	93	206	482	477
1987	464	477	111	246	504	302
1988	390	302	135	256	511	60
1989	398	60	115	107	457	9
1990	390	9	150	69	460	20
Greece						
1986	6	1	5	--	10	2
1987	5	2	5	--	10	2
1988	5	2	5	--	11	1
1989	6	1	5	--	11	1
1990	6	1	5	--	11	1
Ireland						
1986	160	88	3	78	30	143
1987	150	143	5	147	30	121
1988	139	121	3	175	29	59
1989	142	59	3	156	23	25
1990	138	25	3	135	17	14
Italy						
1986	70	--	60	4	126	--
1987	70	--	77	4	143	--
1988	71	--	53	12	112	--
1989	70	--	46	12	104	--
1990	68	--	44	10	102	--
Netherlands						
1986	377	242	100	252	147	320
1987	234	320	238	417	157	218
1988	214	218	295	469	215	43
1989	208	43	141	298	65	29
1990	215	29	151	300	70	25
United Kingdom						
1986	222	278	144	34	260	350
1987	174	350	134	133	305	220
1988	140	220	127	119	286	82
1989	132	82	117	65	213	53
1990	135	53	120	60	200	48
Portugal						
1986	9	--	1	--	8	2
1987	8	2	--	--	7	3
1988	10	3	--	5	8	--
1989	11	--	1	4	8	--
1990	11	--	--	2	9	--
Spain						
1986	29	5	4	--	19	19
1987	29	19	4	--	25	27
1988	23	27	5	14	25	16
1989	26	16	5	17	25	5
1990	27	5	5	11	24	2
Total EC-12						
1986	2,293	1,284	636	889	1,741	1,583
1987	1,893	1,583	822	1,359	1,812	1,127
1988	1,688	1,127	928	1,446	1,841	456
1989	1,699	456	698	982	1,513	358
1990	1,690	358	729	920	1,474	383

See footnotes at end of table.

Continued--

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
----- 1,000 tons -----						
Other Western Europe						
Austria						
1986	46	6	--	7	40	5
1987	41	5	--	4	40	2
1988	42	2	--	1	41	2
1989	42	2	--	1	41	2
1990	41	2	--	1	40	2
Finland						
1986	72	10	--	11	59	12
1987	68	12	--	22	48	10
1988	61	10	--	20	40	11
1989	59	11	--	22	37	11
1990	58	11	--	24	34	11
Norway						
1986	25	3	--	5	19	4
1987	25	4	--	7	18	4
1988	23	4	--	7	16	4
1989	22	4	--	7	15	4
1990	21	4	--	7	14	4
Sweden						
1986	66	6	--	8	58	6
1987	64	6	--	10	58	2
1988	61	2	--	8	51	4
1989	68	4	--	17	51	4
1990	70	4	--	21	49	4
Switzerland						
1986	37	4	8	--	45	4
1987	34	4	12	--	45	5
1988	36	5	8	--	44	5
1989	37	5	7	--	43	6
1990	34	6	8	--	43	5
Total Other Western Europe						
1986	246	29	8	31	221	31
1987	232	31	12	43	209	23
1988	223	23	8	36	192	26
1989	228	26	7	47	187	27
1990	224	27	8	53	180	26
Total Western Europe						
1986	2,539	1,313	644	920	1,962	1,614
1987	2,125	1,614	834	1,402	2,021	1,150
1988	1,911	1,150	936	1,482	2,033	482
1989	1,927	482	705	1,029	1,700	385
1990	1,914	385	737	973	1,654	409

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 28--Supply and use of cheese in Western Europe, 1986-1990 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community						
----- 1,000 tons -----						
Belgium-Luxembourg						
1986	33	3	101	22	112	3
1987	35	3	103	26	113	2
1988	37	2	102	25	114	2
1989	39	2	105	27	117	2
1990	41	2	108	28	121	2
Denmark						
1986	252	31	9	198	63	31
1987	271	31	10	212	63	37
1988	258	37	11	195	64	47
1989	275	47	15	229	66	42
1990	290	42	14	241	68	37
France						
1986	1,320	82	81	237	1,162	84
1987	1,342	84	82	247	1,195	66
1988	1,378	66	98	298	1,227	17
1989	1,430	17	103	310	1,238	2
1990	1,460	2	115	325	1,250	2
Greece						
1986	203	31	40	--	210	64
1987	197	64	38	7	223	69
1988	203	69	35	6	228	73
1989	205	73	31	10	227	72
1990	207	72	31	11	227	72
Ireland						
1986	63	18	7	67	13	8
1987	65	8	7	56	15	9
1988	75	9	7	73	15	3
1989	73	3	6	61	15	6
1990	80	6	7	70	16	7
Italy						
1986	694	305	289	48	880	360
1987	704	360	292	55	890	411
1988	737	411	302	63	952	435
1989	735	435	301	70	960	441
1990	735	441	300	72	965	439
Netherlands						
1986	534	76	42	376	201	75
1987	552	75	45	383	210	79
1988	559	79	53	400	215	76
1989	565	76	61	420	203	79
1990	570	79	66	420	210	85
Portugal						
1986	46	1	6	4	48	1
1987	47	1	7	7	46	2
1988	44	2	5	6	45	--
1989	45	--	4	4	45	--
1990	45	--	4	3	46	--
Spain						
1986	110	17	31	2	132	24
1987	113	24	32	3	138	28
1988	120	28	34	4	150	28
1989	125	28	34	4	153	30
1990	130	30	39	5	160	34
United Kingdom						
1986	256	115	173	34	386	124
1987	263	124	160	37	397	113
1988	299	113	198	28	436	146
1989	285	146	179	36	434	140
1990	295	140	185	40	440	140
Germany, Fed. Rep.						
1986	530	40	281	296	519	36
1987	553	36	290	305	545	29
1988	585	29	292	265	596	45
1989	610	45	309	266	626	72
1990	628	72	310	295	655	60
EC-12						
1986	4,041	719	1,060	1,284	3,726	810
1987	4,142	810	1,066	1,338	3,835	845
1988	4,295	845	1,137	1,363	4,042	872
1989	4,387	872	1,148	1,437	4,084	886
1990	4,481	886	1,179	1,510	4,158	878

See footnotes at end of table.

Continued--

Appendix table 28--Supply and use of cheese in Western Europe, 1986-1990 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
Other Western Europe						
----- 1,000 tons -----						
Austria						
1986	78	8	10	36	52	8
1987	78	8	11	38	52	7
1988	84	7	11	37	56	9
1989	84	9	10	37	58	8
1990	85	8	10	38	59	6
Finland						
1986	77	12	2	33	47	11
1987	78	11	2	34	49	8
1988	75	8	1	27	51	6
1989	75	6	1	24	52	6
1990	75	6	2	24	53	6
Norway						
1986	72	19	2	20	54	19
1987	75	19	2	22	55	19
1988	74	19	2	23	55	17
1989	76	17	2	22	55	18
1990	76	18	2	22	55	19
Sweden						
1986	106	43	14	4	119	40
1987	107	40	15	4	121	37
1988	115	37	16	3	125	40
1989	109	40	18	3	127	37
1990	111	37	19	3	127	37
Switzerland						
1986	131	12	23	64	94	8
1987	128	8	24	60	84	16
1988	134	16	24	60	96	18
1989	135	18	23	63	96	17
1990	133	17	23	62	95	16
Other Western Europe						
1986	464	94	51	157	366	86
1987	466	86	54	158	361	87
1988	482	87	54	150	383	90
1989	479	90	54	149	388	86
1990	480	86	56	149	389	84
Total Western Europe						
1986	4,505	813	1,111	1,441	4,092	896
1987	4,608	896	1,120	1,496	4,196	932
1988	4,777	932	1,191	1,513	4,425	962
1989	4,866	962	1,202	1,586	4,472	972
1990	4,961	972	1,235	1,659	4,547	962

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are June 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 29--Supply and use of nonfat dry milk in Western Europe, 1986-90 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Community ----- 1,000 tons -----						
Belgium-Luxembourg						
1986	138	7	38	118	58	7
1987	99	7	28	87	44	3
1988	83	3	21	51	56	--
1989	100	--	26	75	51	--
1990	95	--	25	70	50	--
Denmark						
1986	31	4	9	18	15	11
1987	18	11	11	22	18	--
1988	7	--	10	5	12	--
1989	13	--	6	4	15	--
1990	18	--	5	6	15	2
France						
1986	712	59	21	285	468	39
1987	603	39	59	110	548	43
1988	490	43	76	52	557	--
1989	520	--	60	69	511	--
1990	540	--	60	73	525	2
Germany, Fed. Rep.						
1986	647	483	349	406	204	869
1987	474	869	68	590	171	650
1988	398	650	66	840	125	149
1989	450	149	61	383	82	195
1990	430	195	45	380	100	190
Greece						
1986	--	--	10	--	10	--
1987	--	--	10	--	10	--
1988	--	--	10	--	10	--
1989	--	--	10	--	10	--
1990	--	--	10	--	10	--
Ireland						
1986	156	33	1	132	15	43
1987	129	43	1	119	16	38
1988	100	38	6	86	11	47
1989	147	47	--	123	10	61
1990	152	61	--	131	10	72
Italy						
1986	2	--	282	--	284	--
1987	--	--	255	--	255	--
1988	1	--	210	1	210	--
1989	--	--	172	--	172	--
1990	--	--	170	--	170	--
Netherlands						
1986	172	5	323	181	319	--
1987	98	--	415	155	358	--
1988	87	--	372	219	240	--
1989	83	--	309	228	164	--
1990	85	--	315	225	165	10
United Kingdom						
1986	267	45	9	170	120	31
1987	193	31	8	102	105	25
1988	136	25	9	83	65	22
1989	129	22	16	81	62	24
1990	132	24	15	80	66	25
Portugal						
1986	6	--	2	--	5	3
1987	8	3	1	--	8	4
1988	9	4	--	4	9	--
1989	10	--	2	1	10	1
1990	11	1	2	2	11	1
Spain						
1986	34	1	49	--	48	36
1987	39	36	4	13	44	22
1988	29	22	12	22	36	5
1989	25	5	12	14	27	1
1990	26	1	12	11	27	1
Total EC-12						
1986	2,165	637	1,093	1,310	1,546	1,039
1987	1,661	1,039	860	1,198	1,577	785
1988	1,340	785	792	1,363	1,331	223
1989	1,477	223	674	978	1,114	282
1990	1,489	282	659	978	1,149	303

See footnotes at end of table.

Continued--

Appendix table 29--Supply and use of nonfat dry milk in Western Europe, 1986-90 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
----- 1,000 tons -----						
Other Western Europe						
Austria						
1986	33	11	--	13	17	14
1987	28	14	--	20	17	5
1988	23	5	--	4	16	8
1989	22	8	--	6	17	7
1990	21	7	--	5	17	6
Finland						
1986	44	7	--	4	39	8
1987	39	8	--	6	34	7
1988	28	7	--	5	20	10
1989	30	10	--	6	24	10
1990	34	10	--	9	25	10
Norway						
1986	--	--	--	--	--	--
1987	--	--	--	--	--	--
1988	--	--	--	--	--	--
1989	--	--	--	--	--	--
1990	--	--	--	--	--	--
Sweden						
1986	--	--	--	--	--	--
1987	--	--	--	--	--	--
1988	--	--	--	--	--	--
1989	--	--	--	--	--	--
1990	--	--	--	--	--	--
Switzerland						
1986	48	14	1	18	27	18
1987	46	18	1	29	26	10
1988	36	10	1	11	32	4
1989	46	4	1	15	26	10
1990	48	10	1	23	26	10
Total Other Western Europe						
1986	155	34	1	36	112	42
1987	143	42	1	56	106	24
1988	119	24	1	22	96	26
1989	131	26	1	30	96	32
1990	133	32	1	39	96	31
Total Western Europe						
1986	2,320	671	1,094	1,346	1,658	1,081
1987	1,804	1,081	861	1,254	1,683	809
1988	1,459	809	793	1,385	1,427	249
1989	1,608	249	675	1,008	1,210	314
1990	1,622	314	660	1,017	1,245	334

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Source: USDA, Foreign Agricultural Service.

Appendix table 30--Supply and use of eggs in Western Europe, 1986-1990 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Hatch eggs consumption	Shell eggs consumption	Other uses	Consumption	Ending stocks
European Community					Million eggs				
Belgium-Luxembourg									
1986	2,935	--	797	1,120	158	2,454	--	2,612	--
1987	2,908	--	883	1,268	169	2,354	--	2,523	--
1988	2,830	--	999	1,377	175	2,277	--	2,452	--
1989	2,800	--	1,060	1,425	180	2,255	--	2,435	--
1990	2,768	--	1,120	1,505	183	2,200	--	2,383	--
Denmark									
1986	1,398	304	93	113	1,033	1,118	--	1,376	306
1987	1,316	306	200	81	103	1,118	--	1,390	351
1988	1,366	351	138	107	124	1,142	--	1,388	360
1989	1,400	360	110	120	120	1,130	--	1,400	350
1990	1,350	350	120	100	120	1,100	--	1,370	350
France									
1986	14,970	59	700	570	940	1,401	--	15,070	89
1987	14,540	89	1,089	439	960	1,403	--	15,110	169
1988	15,300	169	1,162	514	980	1,460	--	15,900	217
1989	15,000	217	1,310	540	940	1,450	--	15,770	217
1990	15,000	217	1,310	560	900	1,440	--	15,740	227
Greece									
1986	2,496	6	50	5	100	2,430	--	2,540	7
1987	2,480	7	50	5	110	2,382	--	2,504	28
1988	2,485	28	50	5	110	2,380	--	2,510	48
1989	2,490	48	37	5	115	2,350	--	2,500	70
1990	2,400	70	35	5	110	2,320	--	2,440	60
Ireland									
1986	640	--	210	6	42	798	1	844	--
1987	640	--	210	6	42	798	1	844	--
1988	640	--	210	6	42	798	1	844	--
1989	640	--	210	6	42	798	1	844	--
1990	640	--	210	6	42	798	1	844	--
Italy									
1986	10,300	--	1,091	12	670	10,059	--	11,379	--
1987	10,743	--	1,288	13	650	10,718	--	12,018	--
1988	11,234	--	944	14	600	10,904	--	12,164	--
1989	11,350	--	946	17	600	11,009	--	12,279	--
1990	11,350	--	952	17	605	11,010	--	12,285	--
Netherlands									
1986	10,930	--	457	7,892	597	2,798	100	3,495	--
1987	10,930	--	229	7,686	621	2,752	100	3,473	--
1988	10,761	--	407	7,774	586	2,797	98	3,394	--
1989	10,670	--	680	7,960	575	2,825	100	3,390	--
1990	10,250	--	850	7,700	580	2,820	100	3,400	--
Portugal									
1986	1,428	--	2	1	133	1,265	26	1,429	--
1987	1,587	--	--	21	160	1,370	31	1,566	--
1988	1,633	--	1	13	182	1,400	34	1,621	--
1989	1,698	--	1	14	184	1,464	32	1,685	--
1990	1,783	--	1	14	188	1,545	32	1,770	--
Spain									
1986	10,877	--	21	44	650	10,044	160	10,854	--
1987	10,500	--	26	20	747	9,599	160	10,506	--
1988	10,856	--	138	30	761	10,043	160	10,964	--
1989	10,600	--	350	28	755	10,007	160	10,922	--
1990	10,700	--	300	30	760	10,050	160	10,970	--
United Kingdom									
1986	13,150	--	618	297	640	11,631	200	13,471	--
1987	13,300	--	415	230	635	11,500	200	13,485	--
1988	13,500	--	674	286	690	11,598	200	13,888	--
1989	12,010	--	767	595	600	9,300	250	12,182	--
1990	12,250	--	778	490	610	9,828	200	12,538	--
Germany, Fed. Rep.									
1986	12,315	--	5,664	951	670	16,358	--	17,028	--
1987	12,315	--	5,664	951	670	16,358	--	17,028	--
1988	12,280	--	5,609	1,004	660	16,225	--	16,885	--
1989	12,100	--	5,410	940	650	15,920	--	16,570	--
1990	12,200	--	5,330	990	640	15,900	--	16,540	--
Total EC-12									
1986	81,439	369	9,703	11,011	4,703	72,965	487	80,098	402
1987	81,259	402	10,054	10,720	4,867	72,979	492	80,447	548
1988	82,885	548	10,332	11,130	4,910	74,164	493	82,010	625
1989	80,758	625	10,881	11,650	4,761	71,558	543	79,977	637
1990	80,691	637	11,006	11,417	4,738	71,971	493	80,280	637

See footnotes at end of table.

Continued--

Appendix table 30--Supply and use of eggs in Western Europe, 1986-1990 1/--Continued

Country and year	Production	Beginning stocks	Total imports	Total exports	Hatch eggs consumption	Shell eggs consumption	Other uses	Consumption	Ending stocks
Other Western Europe									
					Million eggs				
Austria									
1986	1,832	--	127	1	80	1,825	--	1,958	--
1987	1,818	--	137	--	80	1,813	--	1,955	--
1988	1,757	--	115	--	77	1,734	--	1,872	--
1989	1,687	--	117	--	76	1,665	--	1,804	--
1990	1,636	--	117	--	76	1,614	--	1,753	--
Finland									
1986	1,426	3	--	425	11	913	--	995	9
1987	1,370	9	--	369	11	997	--	1,008	2
1988	1,304	2	--	316	12	910	10	988	2
1989	1,258	2	--	307	12	875	10	951	2
1990	1,230	2	--	279	12	875	10	951	2
Norway									
1986	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--
Sweden									
1986	--	--	--	--	--	--	--	--	--
1987	--	--	--	--	--	--	--	--	--
1988	--	--	--	--	--	--	--	--	--
1989	--	--	--	--	--	--	--	--	--
1990	--	--	--	--	--	--	--	--	--
Switzerland									
1986	753	53	827	--	230	--	1,104	1,581	52
1987	690	52	858	--	240	1,085	464	1,573	27
1988	708	27	838	--	2	1,075	474	1,551	22
1989	711	22	833	--	2	1,071	467	1,540	26
1990	710	26	835	--	2	1,069	473	1,544	27
Total Other Western Europe									
1986	4,011	56	954	426	114	2,738	1,104	4,534	61
1987	3,878	61	995	369	115	3,895	464	4,536	29
1988	3,769	29	953	316	91	3,719	484	4,411	24
1989	3,656	24	950	307	90	3,611	477	4,295	28
1990	3,576	28	952	279	90	3,558	483	4,248	29
Total Western Europe									
1986	85,450	425	10,657	11,437	4,817	75,703	1,591	84,632	463
1987	85,137	463	11,049	11,089	4,982	76,874	956	84,983	577
1988	86,654	577	11,285	11,446	5,001	77,883	977	86,421	649
1989	84,414	649	11,831	11,957	4,851	75,169	1,020	84,272	665
1990	84,267	665	11,958	11,696	4,828	75,529	976	84,528	666

'--' indicates none or negligible.

1/ Data for 1989 are preliminary; 1990 values are July 1990 forecasts.

Appendix table 31--EC production of compound feed by category, 1975-89

	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
----- 1,000 tons -----											
Cattle feed											
Belgium	920	1,271	1,239	1,344	1,455	1,376	1,391	1,355	1,297	1,352	1,469
Denmark	1,147	2,088	2,005	1,957	1,988	1,753	1,720	1,788	1,832	1,797	1,620
Germany	3,472	6,841	7,160	7,163	7,787	7,109	7,110	6,938	6,771	7,074	6,667
France	2,224	3,287	3,452	3,636	3,975	3,683	3,519	3,742	3,655	3,949	4,437
Ireland	363	958	1,070	1,034	1,244	1,151	1,186	1,559	1,203	1,194	1,424
Italy	1,127	3,290	3,208	3,475	3,124	3,659	3,850	4,015	3,928	4,200	4,500
Netherlands	3,741	5,354	5,197	5,193	5,821	6,000	5,720	5,766	5,294	5,300	4,900
United Kingdom	4,466	4,885	5,011	5,482	5,960	4,818	4,549	4,901	4,085	4,112	4,190
Portugal	NA	NA	NA	NA	NA	NA	NA	738	786	927	938
Spain	NA	NA	NA	NA	NA	NA	NA	2,356	2,292	2,309	2,100
EC Total 1/	17,460	27,974	28,342	29,284	31,354	29,549	29,045	33,158	31,143	32,214	32,245
Pig feed											
Belgium	2,645	2,617	2,469	2,445	2,540	2,524	2,550	2,665	2,660	2,688	2,883
Denmark	1,105	2,106	2,102	1,981	1,900	1,826	1,955	2,097	2,300	2,425	2,401
Germany	4,134	6,249	6,217	6,140	6,173	6,192	5,829	5,799	5,910	5,959	5,434
France	4,197	4,839	4,752	4,670	4,632	4,440	4,326	4,477	4,759	5,187	5,134
Ireland	400	508	492	489	474	441	443	449	421	446	462
Italy	2,042	2,369	2,326	2,556	2,365	2,565	2,350	2,435	2,534	2,600	2,500
Netherlands	4,545	6,117	6,219	6,222	6,256	6,579	6,886	7,241	7,461	7,800	7,550
United Kingdom	2,180	2,269	2,182	2,297	2,292	2,104	2,144	2,197	2,151	2,185	2,120
Portugal	NA	NA	NA	NA	NA	NA	NA	1,129	1,142	1,102	1,179
Spain	NA	NA	NA	NA	NA	NA	NA	4,130	4,018	4,169	4,350
EC Total 1/	21,248	27,074	26,759	26,800	26,632	26,671	26,483	32,619	33,356	34,561	34,013
Poultry feed											
Belgium	1,018	936	961	1,081	952	986	937	951	935	933	958
Denmark	549	546	543	567	522	520	522	509	501	502	521
Germany	3,481	3,217	3,230	3,398	3,272	3,351	3,228	3,294	3,294	3,267	3,318
France	3,812	5,191	5,603	5,668	5,296	5,525	5,534	5,743	5,928	6,135	6,468
Ireland	240	269	263	272	278	277	294	315	347	373	351
Italy	2,529	4,306	4,248	4,363	4,675	3,887	4,050	4,135	4,146	4,200	4,300
Netherlands	2,183	2,793	2,972	3,095	3,102	3,212	3,353	3,191	3,314	3,300	3,300
United Kingdom	3,351	3,472	3,459	3,630	3,532	3,326	3,231	3,457	3,530	3,691	3,500
Portugal	NA	NA	NA	NA	NA	NA	NA	946	956	1,052	1,107
Spain	NA	NA	NA	NA	NA	NA	NA	3,860	3,755	3,802	3,850
EC Total 1/	17,163	20,730	21,279	22,074	21,629	21,084	21,149	26,401	26,706	27,255	27,673
Total compound feed											
Belgium	4,735	4,905	4,778	4,993	5,071	5,015	5,021	5,078	4,982	5,063	5,443
Denmark	2,876	4,842	4,753	4,609	4,528	4,215	4,326	4,535	4,778	4,863	4,679
Germany	11,473	16,796	17,199	17,235	17,727	17,219	16,669	16,478	16,395	16,810	16,384
France	11,108	14,695	15,156	15,352	15,202	14,968	14,721	15,366	15,711	16,546	17,517
Ireland	1,019	1,766	1,860	1,825	2,061	1,937	2,000	2,387	2,095	2,161	2,419
Italy	5,995	10,648	10,457	11,180	11,000	10,861	10,600	10,970	11,430	11,850	12,200
Netherlands	10,671	14,461	14,570	14,704	15,417	16,040	16,217	16,533	16,466	16,800	16,250
United Kingdom	10,221	10,987	11,007	11,817	12,234	10,756	10,457	11,192	10,429	10,730	10,530
Portugal	NA	NA	NA	NA	NA	NA	NA	2,925	2,988	3,217	3,347
Spain	NA	NA	NA	NA	NA	NA	NA	11,411	11,100	11,300	11,500
EC Total 1/	58,098	79,100	79,780	81,715	83,240	81,011	80,011	96,875	96,374	99,340	100,269

NA = not applicable.

1/ Excludes Greece and Luxembourg.

Source: Commission of the European Communities, The Agricultural Situation in the Community, various issues; European Feed Manufacturers' Federation (FEFAC), Feed and Food Statistical Yearbook, various issues; and Agra Europe, June 29, 1990.

Appendix table 32--EC disappearance of selected feeds, 1973-87 1/

Commodity	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 2/
	----- Million tons -----														
Wheat	11.7	12.3	9.5	9.8	10.7	11.9	12.4	13.2	13.6	14.9	20.2	21.3	21.4	22.7	20.1
Barley	25.9	24.6	24.1	24.5	26.0	27.9	28.1	28.7	27.0	27.2	25.5	25.9	24.2	23.1	22.6
Corn	22.0	20.9	21.4	22.6	21.0	23.2	22.9	20.4	20.1	18.4	17.8	17.2	16.0	15.7	15.1
Other grains	12.7	12.4	12.8	10.2	9.9	10.2	9.5	8.5	8.2	8.7	6.6	7.5	8.2	7.0	6.7
Grains	72.3	70.2	67.8	67.1	67.6	73.2	72.9	70.8	68.9	69.2	70.1	71.9	69.8	68.5	64.5
Manioc (tapioca)	1.8	2.4	2.4	3.6	4.3	6.3	4.2	5.3	7.5	6.1	4.2	5.9	6.4	5.2	5.4
Potatoes	8.2	8.6	5.7	4.7	7.7	6.0	5.1	4.3	3.4	4.0	2.0	4.9	5.1	3.6	3.6
Corn gluten feed	0.8	1.0	1.2	1.5	1.9	2.0	2.5	2.9	3.8	4.1	4.7	4.7	4.9	4.9	5.1
Corn meal	0.4	0.5	0.6	0.8	1.0	1.2	1.3	1.3	1.1	1.3	1.2	1.2	1.3	1.9	2.3
Grain by-products	8.3	7.9	8.4	9.1	8.5	8.9	9.1	9.1	9.0	8.9	8.8	8.7	8.7	8.6	8.6
Nongrain feeds	19.5	20.4	18.3	19.7	23.4	24.4	22.2	22.9	24.8	24.4	20.9	25.4	26.4	24.2	25.0
Soybean meal	8.5	9.6	10.4	10.7	12.5	14.5	15.3	14.2	16.3	15.4	14.8	15.4	15.9	16.0	15.5
Cotton meal	0.8	0.6	0.8	0.6	0.6	1.0	0.8	0.7	0.7	0.7	0.7	0.6	1.0	0.8	0.8
Groundnut meal	0.8	0.6	1.0	1.3	0.8	0.9	1.0	0.5	0.3	0.4	0.3	0.1	0.2	0.2	0.3
Sunflower meal	0.4	0.4	0.4	0.5	0.7	1.1	1.3	1.3	1.2	1.4	1.6	1.8	2.2	2.4	2.4
Rapeseed meal	0.8	0.6	0.7	0.9	0.8	1.1	1.2	1.5	1.5	1.8	2.1	2.3	2.7	3.1	3.4
Copra meal	0.7	0.7	1.1	1.0	0.9	0.9	0.9	1.0	1.0	0.9	0.8	0.6	1.2	1.2	1.1
Palmkernel meal	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.8	0.9	1.0	1.1
Linseed meal	0.5	0.4	0.5	0.6	0.7	0.7	0.7	0.7	0.6	0.6	0.7	0.6	0.6	0.7	0.7
Fish meal	0.7	0.9	1.0	0.9	0.8	0.8	0.8	0.7	0.8	0.6	0.6	0.7	1.0	1.0	0.9
Protein feeds	13.5	14.2	16.3	16.9	18.2	21.5	22.5	21.1	22.9	22.4	22.2	22.9	25.7	26.4	26.2
Dry pulses	0.5	0.6	0.6	0.5	0.5	0.6	0.7	0.7	0.7	1.1	1.4	2.0	2.5	3.1	3.9
Skim-milk powder	1.1	1.0	1.6	2.2	2.0	1.7	1.5	1.4	1.5	1.6	1.9	2.1	1.3	1.7	1.4
Molasses	2.2	2.0	2.4	3.1	3.3	3.8	3.5	3.0	3.4	4.0	3.7	3.5	3.7	3.9	3.9
Other feeds	3.8	3.6	4.6	5.8	5.8	6.1	5.7	5.1	5.6	6.7	7.0	7.6	7.5	8.7	9.2
Total	109.1	108.4	107.0	109.5	115.0	125.2	123.3	119.9	122.2	122.7	120.2	127.8	129.4	127.8	124.9

1/ EC-10: August/July marketing years.

2/ Data for 1987 are preliminary.

Source: ISTA Mielke GMBT. Oilworld. Hamburg, various issues; and Statistical Office of the European Communities (EUROSTAT). Crop Production Feed Balance Sheets, various issues.

Appendix table 33--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/

Commodity	Year	SITC Codes		European Community						
		Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----										
Live animals	1985	00		219.3	325.0	240.3	1,186.1	96.0	3.9	136.5
	1986			312.4	442.3	243.0	1,567.8	189.6	5.1	89.5
	1987			348.6	496.3	352.1	1,750.5	254.9	6.7	96.0
Meat and meat preparations	1985	01		348.9	1,870.1	2,003.7	2,253.5	334.8	50.4	62.4
	1986			451.0	2,467.6	2,512.3	2,784.7	443.6	89.7	79.9
	1987			566.5	2,844.0	3,092.4	3,225.6	574.4	127.8	103.7
Dairy products and eggs	1985	02		691.6	408.7	1,514.4	1,735.2	853.2	61.1	34.8
	1986			860.0	587.3	2,350.6	2,032.7	1,158.7	76.3	41.3
	1987			1,088.8	830.5	2,384.2	2,477.1	2,040.3	95.2	51.2
Cereals and cereal prepa-rations	1985	04		1,016.8	709.6	1,480.1	1,388.8	1,038.7	131.3	184.1
	1986			1,118.3	938.8	1,669.9	1,739.2	1,207.4	167.8	246.0
	1987			1,355.1	1,116.2	1,835.0	1,935.2	1,457.8	209.0	268.9
Wheat and flour	1985		041	236.2	77.1	500.4	793.7	276.3	37.3	75.0
	1986		046	246.0	112.5	516.6	1,115.0	304.6	48.7	107.5
	1987			302.4	91.6	463.4	1,079.9	407.3	36.5	100.8
Rice	1985		042	81.1	146.2	91.8	93.9	63.6	9.2	3.0
	1986			72.9	176.9	109.1	46.0	63.9	12.2	3.7
	1987			70.2	191.2	121.3	46.3	59.4	15.0	4.5
Feed grains	1985		043-	514.3	131.3	556.1	363.0	533.5	30.3	19.5
	1986		045	551.4	104.1	579.3	408.9	614.4	29.4	24.1
	1987			665.4	153.7	652.5	594.4	698.2	54.3	25.3
Fruit and vegetables	1985	05		906.4	2,451.2	4,688.2	952.4	1,664.8	245.1	192.9
	1986			1,187.4	3,228.4	6,118.9	1,048.9	2,089.5	336.0	250.1
	1987			1,506.9	4,007.4	7,857.5	1,564.5	2,520.2	451.3	282.3
Sugar, sugar preparations and honey	1985	06		108.5	238.5	340.6	242.8	185.0	59.9	68.6
	1986			134.4	352.3	464.6	302.2	248.0	88.8	87.6
	1987			149.2	428.1	498.9	268.6	312.1	95.6	97.2
Coffee, tea, cocoa, spices etc.	1985	07		702.0	1,598.5	2,815.5	1,143.3	1,322.6	252.1	135.7
	1986			874.8	2,018.7	3,751.1	1,302.0	1,515.9	360.1	156.8
	1987			775.1	1,823.0	3,197.3	1,124.9	1,381.1	264.7	159.3
Animal feed	1985	08		533.7	802.4	1,146.4	649.4	1,189.8	369.9	157.7
	1986			675.9	1,084.4	1,326.5	755.1	1,331.6	467.7	252.3
	1987			729.7	1,168.5	1,448.9	957.0	1,328.3	530.9	275.7
Oilseed cake and meal	1985		0813	209.4	648.6	689.7	266.3	518.7	307.4	55.9
	1986			259.3	841.5	756.8	299.1	590.3	383.9	82.1
	1987			254.2	836.3	815.9	378.3	597.6	410.9	84.2
Meatmeal and fishmeal	1985		0814	33.4	26.6	112.4	38.8	55.4	5.7	4.9
	1986			36.1	30.6	146.8	37.7	72.5	8.2	5.0
	1987			33.0	37.0	139.8	41.4	85.3	4.7	6.4
Miscellaneous food prepa-rations	1985	09		174.4	235.2	273.0	102.3	206.8	38.2	53.0
	1986			258.6	321.5	369.2	125.2	243.2	55.7	69.8
	1987			311.3	429.1	626.0	169.0	286.3	64.5	78.3
Lard	1985		0913	16.8	6.2	3.4	5.6	26.3	2.3	0.5
	1986			9.3	7.0	3.9	3.9	19.6	0.4	0.5
	1987			8.5	8.4	4.9	6.4	16.8	0.9	0.4
Margarine and shortening	1985		0914	15.4	59.1	28.1	13.0	34.1	0.5	4.7
	1986			18.5	53.5	20.9	12.2	21.6	1.0	5.4
	1987			13.8	59.1	12.7	15.9	13.1	1.0	5.6

See footnotes at end of table.

Appendix table 33--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/

European Community						Other Western Europe					
United Kingdom	Greece	Total EC-10	Portugal	Spain	Total EC-12	Austria	Finland	Norway	Sweden	Switzerland	Total Western Europe
----- Million dollars -----											
307.2	29.1	2,543.4	15.4	57.7	2,616.5	3.5	4.6	2.3	6.1	13.3	2,646.3
430.3	29.4	3,309.4	21.5	160.9	3,491.8	5.9	6.5	4.7	15.4	19.2	3,543.5
388.3	58.1	3,751.5	32.9	148.8	3,933.2	5.5	9.1	5.5	22.4	26.1	4,001.8
1,805.4	438.6	9,167.8	37.3	128.6	9,333.7	40.8	0.7	16.0	52.1	188.1	9,631.4
2,149.0	563.4	11,541.2	59.7	291.0	11,891.9	59.1	1.1	21.6	70.6	259.4	12,303.7
2,565.5	779.2	13,879.1	103.2	344.4	14,326.7	88.4	1.4	20.1	119.5	328.2	14,884.3
781.4	241.2	6,321.6	15.3	118.5	6,455.4	52.3	4.7	7.4	35.0	114.7	6,669.5
958.4	370.0	8,435.3	14.1	231.0	8,680.4	76.5	9.2	12.4	45.9	151.2	8,975.6
1,015.1	405.2	10,387.6	16.5	248.2	10,652.3	84.1	11.1	14.6	54.7	190.2	11,007.0
919.0	116.3	6,984.7	335.6	553.6	7,873.9	87.1	44.6	81.3	94.9	223.4	8,405.2
1,128.2	305.5	8,521.1	274.0	581.0	9,376.1	103.6	43.5	127.5	113.8	244.3	10,008.8
1,217.1	332.7	9,727.0	189.1	450.5	10,366.6	123.3	55.2	133.0	140.7	249.3	11,068.1
299.2	66.6	2,361.8	88.1	31.5	2,481.4	0.4	13.5	28.1	9.7	43.6	2,576.7
351.4	102.2	2,904.5	88.4	160.5	3,153.4	0.7	5.6	39.2	8.2	47.0	3,254.1
373.3	119.1	2,974.3	66.3	157.7	3,198.3	0.6	7.8	28.4	11.7	50.1	3,296.9
126.5	5.5	620.8	33.0	7.4	661.2	15.8	7.7	4.2	15.4	14.0	718.3
160.7	5.6	651.0	21.6	7.7	680.3	19.9	5.7	4.7	16.2	34.4	761.2
171.8	5.7	685.4	36.5	31.4	753.3	21.5	6.5	5.9	13.1	20.4	820.7
307.1	14.8	2,469.9	210.9	502.2	3,183.0	26.0	4.1	5.6	7.3	94.2	3,320.2
386.3	165.7	2,863.6	158.0	374.5	3,396.1	17.7	6.2	15.3	9.7	67.9	3,512.9
402.8	166.9	3,413.5	75.2	189.1	3,677.8	15.2	6.2	20.7	19.6	71.6	3,811.1
2,625.6	32.6	13,759.2	60.7	172.1	13,992.0	390.7	206.0	202.8	484.5	619.0	15,895.0
3,203.7	50.3	17,513.2	113.0	287.3	17,913.5	507.1	264.6	293.6	604.7	819.2	20,402.7
3,932.0	102.5	22,224.6	197.3	494.9	22,916.8	652.2	381.5	352.3	809.5	1,011.0	26,123.3
654.7	23.1	1,921.7	47.2	25.5	1,994.4	24.2	29.2	59.7	47.7	64.3	2,219.5
777.7	4.9	2,460.5	53.9	66.5	2,580.9	44.4	35.5	80.3	60.5	84.7	2,886.3
855.9	45.2	2,750.8	111.0	130.5	2,992.3	54.9	47.9	89.0	75.6	92.1	3,351.8
1,553.8	122.5	9,646.0	67.6	494.2	10,207.8	309.4	225.5	188.3	411.3	381.7	11,724.0
1,790.2	150.0	11,919.6	94.9	719.5	12,734.0	435.1	328.7	292.6	592.7	483.0	14,866.1
1,637.6	179.5	10,542.5	101.3	567.3	11,211.1	361.5	292.2	225.1	429.5	459.5	12,978.9
628.2	41.3	5,518.8	31.4	206.1	5,756.3	134.7	53.9	33.3	130.1	121.2	6,229.5
773.2	50.3	6,717.0	98.0	296.5	7,111.5	154.2	54.3	54.3	138.4	155.9	7,668.6
831.7	63.1	7,333.8	147.8	346.3	7,827.9	177.5	60.8	61.8	153.4	189.6	8,471.0
315.7	7.3	3,019.0	2.4	183.5	3,204.9	98.0	--	9.7	35.8	6.0	3,354.4
398.4	8.2	3,619.6	15.6	227.0	3,862.2	118.5	0.3	15.1	29.7	8.5	4,034.3
423.8	13.7	3,814.9	21.7	212.6	4,049.2	129.3	--	12.1	30.5	8.8	4,229.9
84.3	13.4	374.9	1.6	8.2	384.7	12.2	39.9	1.3	44.7	31.1	513.9
91.5	16.5	444.9	4.2	6.4	455.5	14.2	36.0	2.5	49.3	34.1	591.6
109.2	17.0	473.8	1.2	9.1	484.1	16.2	41.5	0.2	41.2	30.5	613.7
397.8	46.5	1,527.2	7.0	41.2	1,575.4	36.6	36.7	43.9	75.2	61.7	1,829.5
478.5	43.0	1,964.7	13.2	63.4	2,041.3	67.9	48.6	59.6	96.0	88.4	2,401.8
637.7	48.1	2,650.3	26.5	125.9	2,802.7	92.5	63.2	71.6	122.7	113.4	3,266.1
85.0	0.2	146.3	0.2	--	146.5	--	--	0.4	--	0.5	147.4
56.2	--	100.8	0.2	6.3	107.3	--	--	0.2	--	0.4	107.9
51.4	--	97.7	0.3	15.2	113.2	--	--	0.1	--	0.4	113.7
52.3	19.9	227.1	0.1	2.5	229.7	2.8	--	0.1	5.4	1.9	239.9
54.9	2.4	190.4	0.2	3.2	193.8	2.9	--	0.1	4.7	2.5	204.0
47.6	2.2	171.0	0.1	3.1	174.2	3.9	--	0.1	4.1	3.0	185.3

Continued--

Appendix table 33--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/--Continued

Commodity	Year	SITC Codes		European Community						
		Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----										
Beverages	1985	11		400.6	538.3	920.3	329.7	359.0	142.1	65.1
	1986			549.0	645.5	1,251.2	415.0	495.8	176.1	82.7
	1987			719.3	758.9	1,588.7	518.5	626.0	216.5	103.8
Nonalcoholic	1985		111	66.9	57.9	56.6	9.6	56.8	3.3	7.5
	1986			103.2	89.5	87.7	13.0	82.5	5.1	9.1
	1987			136.4	107.7	120.3	19.6	106.9	7.9	11.5
Wine	1985		1121	243.5	244.5	597.9	75.6	226.1	102.1	21.1
	1986			327.9	236.4	802.0	102.6	313.5	139.8	26.4
	1987			437.8	279.6	1,016.7	135.1	374.3	171.8	30.2
Tobacco, unmanufacture	1985	121		134.6	101.2	515.3	167.9	299.5	81.8	23.7
	1986			168.7	116.3	631.0	149.3	339.2	91.6	19.1
	1987			163.1	104.1	688.7	199.0	339.7	94.2	17.4
Tobacco, manufactured	1985	122		105.4	539.2	147.8	407.7	188.9	6.1	22.0
	1986			122.5	518.8	202.1	490.3	236.4	7.0	27.8
	1987			144.6	633.2	277.8	589.1	260.4	8.0	34.1
Hides, skins, and furs undressed	1985	21		96.1	226.1	365.5	1,181.8	125.3	103.1	2.5
	1986			85.4	226.7	393.3	1,242.4	131.8	143.7	2.5
	1987			85.2	332.2	444.7	1,355.1	158.8	193.2	3.3
Oilseeds, oil, nuts, and oil kernels	1985	22		550.2	236.6	1,497.9	468.0	1,007.2	36.3	3.1
	1986			568.9	206.7	1,524.4	386.5	948.6	25.1	4.1
	1987			717.8	225.3	1,709.9	314.3	1,297.0	29.3	4.0
Soybeans	1985		2214	341.3	142.6	673.1	378.5	695.4	25.7	1.3
	1986			297.2	116.3	653.9	288.0	577.3	14.2	1.5
	1987			319.0	137.1	697.5	230.3	753.2	13.5	0.6
Natural rubber	1985	2311		35.5	153.3	185.6	132.8	12.5	4.1	5.5
	1986			39.1	152.9	183.7	135.4	13.3	4.4	6.6
	1987			47.4	197.2	215.0	156.4	15.9	4.4	8.0
Natural fibers	1985	261-265		381.1	762.0	856.8	1,590.9	84.0	20.6	62.4
	1986			397.3	650.0	764.5	1,427.3	84.3	23.1	61.5
	1987			509.5	780.9	1,004.9	1,786.9	85.3	21.8	75.4
Raw cotton	1985		2631	61.3	234.8	360.2	465.9	15.0	2.9	29.9
	1986			52.7	165.8	267.2	376.9	15.4	3.6	26.7
	1987			73.4	224.9	382.8	482.2	16.7	3.6	34.9
Crude animal & veg. matls. not elsewhere spec.	1985	29		165.8	651.4	1,317.4	410.0	341.4	152.0	32.1
	1986			221.2	884.5	1,817.0	501.4	472.0	190.1	40.6
	1987			272.3	1,104.1	2,252.7	665.4	580.2	220.4	52.9
Agricultural fats and oils	1985	4		353.1	742.0	933.7	687.9	759.9	143.0	62.7
	1986			289.7	560.4	696.2	714.2	528.9	123.9	55.2
	1987			272.5	522.6	653.8	972.4	495.2	121.8	56.0
Animal & vegetable oil & fats, pro-cessed	1985		431	78.9	111.1	210.9	54.0	124.4	70.2	14.7
	1986			62.8	92.4	163.1	40.4	98.6	65.4	14.0
	1987			62.2	97.9	168.7	41.3	104.2	57.7	12.2
Total agricul-tural 3/	1985			6,924.1	12,589.4	21,242.5	15,030.5	10,069.4	1,901.0	1,304.8
	1986			8,314.6	15,403.2	26,269.4	17,119.6	11,677.9	2,432.0	1,573.4
	1987			9,763.4	17,831.7	30,078.5	20,029.8	14,055.8	2,755.1	1,767.5
Total imports	1985			55,560.8	107,588.1	157,596.6	88,592.5	65,212.3	17,985.5	10,048.9
	1986			68,024.8	127,854.0	189,646.7	99,774.6	75,580.2	22,725.6	11,563.7
	1987			82,598.3	157,523.7	227,334.2	122,210.6	93,316.5	25,334.4	13,613.5

'---' indicates none or negligible.

NA = not available.

1/ Intra-EC trade included in data.

2/ Components of major headings.

3/ Sum of all major headings.

Source: UN Trade Statistics 1987. SITC is the Standard International Trade Classification revised.

Appendix table 33--Agricultural imports by country, European Community and Other Western Europe, 1985-87 1/--Continued

European Community						Other Western Europe					
United Kingdom	Greece	Total EC-10	Portugal	Spain	Total EC-12	Austria	Finland	Norway	Sweden	Switzerland	Total Western Europe
Million dollars											
1,087.2	40.3	3,882.6	5.9	89.7	3,978.2	40.2	17.2	46.9	130.9	293.2	4,506.6
1,478.5	47.7	5,141.5	23.4	189.4	5,354.3	61.1	29.4	66.2	189.9	416.1	6,117.0
1,815.2	70.0	6,416.9	40.4	285.7	6,743.0	88.3	37.0	78.7	215.1	524.6	7,686.7
39.5	9.1	307.2	--	4.2	311.4	2.8	1.6	4.2	11.2	26.7	357.9
61.1	7.6	458.8	1.5	8.0	468.3	5.3	2.8	9.3	18.4	43.3	547.4
108.1	13.7	632.1	4.8	16.7	653.6	8.3	4.3	7.1	11.4	57.3	742.0
738.4	1.0	2,250.2	0.1	3.4	2,253.7	17.6	7.6	21.8	65.0	222.0	2,587.7
1,005.7	1.1	2,955.4	0.9	9.5	2,965.8	27.1	13.6	32.5	95.9	311.9	3,446.8
1,199.9	2.6	3,648.0	1.9	19.1	3,669.0	41.1	17.8	41.7	119.0	391.6	4,280.2
352.2	28.1	1,704.3	17.8	301.0	2,023.1	37.0	33.9	22.1	54.3	84.3	2,254.7
321.3	38.1	1,874.6	16.2	285.9	2,176.7	37.2	35.1	24.5	35.3	94.4	2,403.2
349.8	46.0	2,002.0	25.7	274.6	2,302.3	41.7	39.8	24.0	37.3	103.5	2,548.6
146.7	10.8	1,574.6	0.2	38.3	1,613.1	4.0	5.0	23.7	31.4	14.0	1,691.2
175.5	15.2	1,795.6	0.8	38.1	1,834.5	5.7	6.3	36.2	48.5	19.9	1,951.1
188.6	26.6	2,162.4	0.8	71.3	2,234.5	7.0	8.0	42.0	55.1	23.5	2,370.1
307.9	38.0	2,446.3	58.2	269.9	2,774.4	35.2	42.5	16.0	58.8	23.0	2,949.9
317.3	44.8	2,587.9	72.7	313.5	2,974.1	49.4	35.3	22.4	77.3	27.9	3,186.4
433.8	42.5	3,048.8	84.3	462.3	3,595.4	45.8	51.8	62.7	96.7	35.1	3,887.5
307.7	53.4	4,160.4	270.9	478.2	4,909.5	10.7	33.6	80.3	25.1	51.2	5,110.4
397.8	51.2	4,113.3	208.7	530.7	4,852.7	14.2	35.9	73.9	19.8	44.4	5,040.9
418.7	62.9	4,779.2	333.3	638.0	5,750.5	16.2	39.3	78.1	17.5	47.8	5,949.4
126.0	38.5	2,422.4	199.7	448.5	3,070.6	0.6	29.1	68.2	0.1	29.4	3,198.0
145.6	33.2	2,127.2	161.8	492.2	2,781.2	1.0	32.0	62.2	0.7	24.1	2,901.2
132.3	40.2	2,323.7	190.0	594.4	3,108.1	1.3	34.7	66.8	1.1	26.7	3,238.7
115.3	9.2	653.8	10.8	100.2	764.8	23.7	7.1	3.0	12.5	3.1	814.2
112.4	9.8	657.6	11.4	98.1	767.1	22.0	6.8	3.1	12.4	3.3	814.7
138.0	11.2	793.5	14.2	118.3	926.0	26.5	8.4	3.5	13.2	3.1	980.7
697.0	134.3	4,589.1	322.2	242.4	5,153.7	91.6	24.2	12.0	20.9	245.2	5,547.6
590.1	120.2	4,118.3	252.1	203.7	4,574.1	88.4	16.4	12.0	18.2	219.3	4,928.4
754.5	101.1	5,120.3	300.6	269.1	5,690.0	101.5	19.8	11.5	17.2	238.7	6,078.7
84.5	86.6	1,341.1	272.7	143.2	1,757.0	45.8	12.2	3.9	7.8	133.6	1,960.3
64.9	61.8	1,035.0	205.4	108.4	1,348.8	36.0	4.9	2.7	6.1	102.7	1,501.2
85.1	51.6	1,355.2	249.6	157.8	1,762.6	42.7	8.1	1.7	6.1	119.9	1,941.1
465.2	23.8	3,559.1	17.1	105.9	3,682.1	121.6	103.2	49.2	164.8	204.2	4,325.1
592.7	28.0	4,747.5	27.1	141.0	4,915.6	163.9	122.2	75.0	209.6	280.4	5,766.7
720.2	34.0	5,902.2	37.2	184.6	6,124.0	209.0	152.4	93.6	256.1	359.4	7,194.5
684.9	16.7	4,383.9	24.3	90.4	4,498.6	97.8	20.1	34.8	104.8	63.7	4,819.8
535.4	35.3	3,539.2	19.3	116.4	3,674.9	82.8	20.1	35.1	75.6	66.3	3,954.8
701.2	74.3	3,869.8	28.2	144.2	4,042.2	76.2	22.5	30.9	74.1	56.3	4,302.2
109.5	6.7	780.4	6.5	5.5	792.4	22.5	7.2	3.7	26.1	12.6	864.5
85.0	22.7	644.4	5.2	8.8	658.4	21.6	7.3	4.4	22.1	13.4	727.2
99.2	18.6	662.0	6.0	16.6	684.6	21.6	8.7	3.4	23.5	13.7	755.5
13,837.2	1,445.8	84,344.7	1,344.9	3,513.5	89,203.1	1,541.2	892.7	923.0	1,940.5	2,769.2	97,269.7
16,210.0	1,957.2	100,957.3	1,374.0	4,614.1	106,945.4	1,978.7	1,099.4	1,295.0	2,424.7	3,477.3	117,220.5
18,600.9	2,482.1	NA	1,790.3	5,304.9	124,460.1	2,252.0	1,301.5	1,398.3	2,710.2	4,051.4	136,173.5
109,414.5	10,137.9	622,137.1	7,649.7	30,066.5	659,853.3	20,802.6	13,225.9	14,519.1	28,537.7	30,625.9	767,564.5
125,448.8	11,240.5	731,858.9	9,393.3	35,406.5	776,818.1	26,793.1	15,324.5	20,298.2	32,492.8	41,187.7	912,914.4
154,387.8	12,908.1	NA	13,437.5	49,008.8	949,673.5	32,638.0	19,860.2	22,577.8	40,620.7	50,557.1	1,115,927.3

Appendix table 34--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/

Commodity	Year	SITC Codes		European Community						
		Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----										
Live animals	1985	00		200.9	827.8	294.9	14.0	547.0	20.1	268.5
	1986			318.2	1,173.7	452.5	10.1	728.9	22.9	342.9
	1987			343.8	1,348.3	434.5	10.7	817.6	22.9	259.0
Meat and meat preparations	1985	01		840.4	1,194.2	1,080.9	364.8	2,369.5	1,938.3	649.9
	1986			1,216.0	1,630.3	1,611.2	421.5	3,142.2	2,389.1	885.0
	1987			1,482.5	1,984.5	1,748.1	493.8	3,684.1	2,680.7	1,136.5
Dairy products and eggs	1985	02		704.4	1,721.2	1,813.6	205.0	2,415.8	694.3	572.4
	1986			1,004.1	2,139.9	2,343.6	245.4	3,020.0	849.7	631.0
	1987			1,306.3	2,487.1	3,210.5	321.7	3,594.6	959.6	923.8
Cereals and cereal preparations	1985	04		773.5	4,637.8	800.3	1,076.1	509.0	424.3	75.5
	1986			810.4	5,009.8	1,220.9	1,067.0	599.3	528.7	91.1
	1987			1,071.6	5,241.5	1,352.2	1,106.4	706.4	605.6	132.7
Wheat and flour	1985	041, 046		135.0	2,647.0	255.3	345.5	116.3	65.7	9.6
	1986			107.3	2,495.0	427.7	264.1	100.9	73.9	20.0
	1987			161.4	2,469.6	409.7	202.1	117.0	96.3	21.0
Rice	1985	042		113.8	10.9	23.3	304.3	56.7	0.3	--
	1986			127.2	36.3	28.4	281.2	52.6	0.3	0.1
	1987			158.8	22.4	27.0	309.7	62.3	0.3	--
Feed grains	1985	043-045		221.3	1,500.7	114.9	95.2	29.4	160.2	32.5
	1986			175.8	1,931.4	181.8	88.6	36.9	209.5	32.9
	1987			286.6	2,137.7	166.8	41.2	39.0	248.5	73.6
Fruit and vegetables	1985	05		657.9	1,301.3	627.9	2,249.7	2,127.7	145.8	45.2
	1986			940.2	1,659.0	847.2	2,649.3	2,828.6	168.1	58.4
	1987			1,198.2	2,162.2	1,063.4	3,128.0	3,689.1	178.3	61.3
Sugar, sugar preparations and honey	1985	06		228.6	630.4	375.4	69.3	284.2	117.0	61.5
	1986			334.4	711.4	523.1	69.2	386.5	158.4	66.7
	1987			432.3	802.0	568.4	133.9	516.5	171.4	92.2
Coffee, tea, cocoa, spices etc.	1985	07		434.8	379.3	1,051.1	163.0	1,024.5	53.2	103.9
	1986			551.0	483.1	1,386.1	220.1	1,183.4	75.2	141.9
	1987			601.2	535.9	1,333.7	273.2	1,210.9	83.5	169.5
Animal feed	1985	08		445.4	530.5	777.4	114.0	720.8	141.3	40.3
	1986			514.6	640.1	942.5	121.3	871.2	170.8	48.0
	1987			507.7	754.2	1,152.8	116.0	1,073.5	173.5	59.5
Oilseed cake and meal	1985	0813		247.7	22.2	279.6	31.3	332.8	1.3	0.6
	1986			261.8	20.5	290.5	35.8	351.0	1.7	0.9
	1987			263.5	25.8	429.1	33.5	449.2	2.4	1.5
Meatmeal and fishmeal	1985	0814		21.0	26.2	86.9	30.2	16.9	89.2	5.8
	1986			24.4	27.7	96.4	23.9	19.7	106.9	7.9
	1987			20.7	25.8	103.7	29.1	21.5	105.9	9.3
Miscellaneous food preparations	1985	09		261.4	262.2	386.2	115.2	625.3	157.6	436.5
	1986			303.5	354.6	453.4	158.8	718.5	199.3	554.5
	1987			351.2	462.8	568.2	198.5	837.7	236.7	967.0

See footnotes at end of table.

Appendix table 34--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/

European Community						Other Western Europe					
United Kingdom	Greece	Total EC-12	Portugal	Spain	Total EC-12	Austria	Finland	Norway	Sweden	Switzerland	Total Western Europe
----- Million dollars -----											
338.9	0.8	2512.9	1.0	7.8	2521.7	46.7	2.0	0.3	7.5	11.4	2589.6
439.6	1.5	3490.3	1.3	16.4	3508.0	59.5	3.8	0.5	6.3	15.8	3593.9
535.4	1.5	3773.7	1.3	28.1	3803.1	76.2	3.5	1.1	7.2	24.0	3915.1
643.5	1.5	9083.0	11.8	31.7	9126.5	135.1	70.4	13.2	144.7	8.8	9498.7
765.0	2.7	12063.0	12.1	53.5	12128.6	140.7	51.1	5.3	111.1	12.4	12449.2
1028.5	9.2	14247.9	12.5	91.3	14351.7	170.9	56.2	9.2	68.8	16.1	14672.9
364.0	15.9	8506.6	7.6	6.4	8520.6	130.3	145.5	48.0	49.4	245.9	9139.7
486.0	22.5	10742.2	10.6	19.9	10772.7	161.9	138.3	56.0	43.0	332.5	11504.4
516.3	31.9	13351.8	16.4	67.0	13435.2	163.5	160.5	63.3	48.0	387.4	14257.9
1077.6	172.4	9546.5	2.8	168.8	9718.1	145.7	84.3	11.2	254.1	34.1	10247.5
1725.2	295.8	11348.2	4.8	193.8	11546.8	178.2	74.5	12.4	185.5	54.6	12052.0
1365.8	307.4	11889.6	7.1	429.7	12326.4	156.5	50.3	17.8	196.0	69.8	12816.8
306.1	118.4	3998.9	--	34.9	4033.8	89.4	7.6	0.1	91.2	--	4222.1
690.0	138.3	4317.2	--	49.8	4367.0	60.8	5.1	--	53.7	0.1	4486.7
541.7	156.1	4174.9	--	154.5	4329.4	41.2	10.6	0.3	53.2	--	4434.7
2.8	3.9	516.0	--	32.6	548.6	--	--	--	0.2	--	548.8
32.2	12.0	570.3	1.0	21.4	592.7	--	--	--	0.2	0.4	593.3
11.5	15.4	607.4	--	76.1	683.5	--	--	--	0.2	--	683.7
415.4	35.4	2605.0	0.1	85.2	2690.3	19.0	57.0	--	107.8	--	2874.1
628.1	129.2	3414.2	--	103.0	3517.2	52.0	50.1	--	56.3	0.3	3675.9
348.0	117.3	3458.7	--	199.8	3658.5	38.5	17.2	--	39.3	--	3753.5
268.3	690.9	8114.7	94.7	1843.9	10053.3	73.7	7.1	4.7	40.4	34.6	10213.8
371.8	812.1	10334.7	118.1	2583.4	13036.2	92.6	7.9	5.6	56.8	52.1	13251.2
498.1	866.2	12844.8	125.0	3347.0	16316.8	112.6	9.0	6.4	59.4	58.0	16562.2
285.6	8.2	2060.2	2.7	48.6	2111.5	15.7	10.6	2.7	30.3	32.1	2202.9
249.7	8.8	2508.2	2.5	108.4	2619.1	30.7	14.7	3.7	51.0	50.1	2769.3
359.1	8.8	3084.6	2.2	188.4	3275.2	22.9	18.8	5.6	56.1	62.6	3441.2
505.6	7.7	3723.1	1.5	110.0	3834.6	72.2	34.2	7.9	62.3	172.9	4184.1
533.5	7.6	4581.9	4.8	114.6	4701.3	82.6	40.4	12.1	84.5	229.3	5150.2
620.3	8.4	4836.6	3.5	141.0	4981.1	81.3	56.5	14.8	99.6	256.8	5490.1
157.6	28.6	2955.9	34.2	108.6	3098.7	10.4	7.8	97.9	11.2	20.9	3246.9
204.1	38.4	3551.0	29.7	72.0	3652.7	17.2	10.5	90.4	20.7	29.5	3821.0
256.1	31.5	4124.8	21.5	63.5	4209.8	23.2	4.2	97.4	24.5	40.2	4399.3
6.2	8.0	929.7	33.2	63.4	1026.3	--	--	24.6	0.4	0.3	1051.6
9.6	13.8	985.6	28.1	21.9	1035.6	0.1	--	30.4	0.2	0.1	1066.4
15.4	7.3	1227.7	19.9	13.0	1260.6	--	--	34.4	0.2	0.2	1295.4
2.6	--	278.8	0.1	1.4	280.3	4.2	--	60.9	0.6	0.8	346.8
4.8	--	311.7	--	3.0	314.7	5.7	--	38.0	2.2	0.8	361.4
6.4	--	322.4	--	6.5	328.9	7.1	0.9	39.3	2.9	1.0	380.1
229.6	8.3	2482.3	5.0	44.2	2531.5	20.6	25.0	13.1	45.8	166.0	2802.0
232.5	12.2	2987.3	4.0	66.8	3058.1	30.5	33.1	18.0	51.0	198.9	3389.6
280.8	13.2	3916.1	6.2	79.8	4002.1	36.9	25.1	21.5	67.8	230.6	4384.0

Continued--

Appendix table 34--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/--Continued

European Community						Other Western Europe					
United Kingdom	Greece	Total EC-10	Portugal	Spain	Total EC-12	Austria	Finland	Norway	Sweden	Switzerland	Total Western Europe
----- Million dollars -----											
1,621.9	54.4	7,314.1	188.8	373.4	7,876.3	58.4	20.5	4.3	20.7	39.6	8,019.8
1,951.8	68.2	9,182.9	256.3	475.7	9,914.9	57.4	24.6	6.0	29.4	45.6	10,077.9
2,319.5	80.1	11,138.8	322.5	569.3	12,030.6	69.6	31.9	5.0	32.4	51.9	12,221.4
27.9	1.8	471.5	2.3	3.3	477.1	21.2	6.1	1.1	4.5	26.6	536.6
34.2	2.1	656.9	2.0	5.8	664.7	27.6	7.6	2.0	7.1	32.3	741.3
--	39.1	2.1	--	3.6	9.8	--	36.2	8.5	1.4	7.5	63.4
53.6	34.1	3,308.3	181.5	332.7	3,822.5	20.4	--	--	--	7.6	3,850.5
44.4	42.7	4,072.6	249.4	421.3	4,743.3	6.8	--	--	--	5.7	4,755.8
--	49.3	50.7	--	311.0	501.3	10.0	--	--	0.1	6.4	--
11.7	149.9	374.8	0.3	1.8	376.9	0.4	0.1	0.1	0.5	28.5	406.5
18.4	213.9	517.0	0.7	2.7	520.4	0.9	--	0.2	0.5	36.6	558.6
26.8	275.9	619.2	1.1	7.4	627.7	0.8	--	--	0.5	46.7	675.7
590.3	3.0	2,070.4	1.1	4.9	2,076.4	1.7	9.0	6.3	17.3	69.6	2,180.3
577.1	5.3	2,628.7	1.3	11.9	2,641.9	2.3	11.7	8.6	20.0	105.6	2,790.1
712.3	8.8	3,120.7	1.7	40.6	3,163.0	4.1	17.5	9.5	20.5	128.9	3,343.5
373.3	39.9	1,745.7	6.3	15.7	1,767.7	25.6	257.7	79.3	98.2	49.8	2,278.3
381.3	30.8	1,989.4	5.8	26.9	2,022.1	30.4	296.7	72.5	130.2	63.0	2,614.9
511.8	45.3	2,548.6	8.4	49.8	2,606.8	41.9	408.0	155.9	134.2	74.3	3,421.1
116.9	9.4	999.5	--	3.7	1,003.2	4.4	--	0.1	24.6	1.9	1,034.2
227.9	42.8	1,349.5	0.7	3.5	1,353.7	6.6	--	0.2	14.7	1.2	1,376.4
141.7	16.9	2,001.1	0.3	21.0	2,022.4	10.2	--	0.1	3.6	0.3	2,036.6
4.4	--	23.1	--	0.4	23.5	--	0.1	--	0.5	--	24.1
3.6	--	23.3	0.2	0.6	24.1	0.1	--	--	0.9	0.1	25.2
4.9	--	32.2	--	0.6	32.8	--	--	--	1.4	--	34.2
324.5	72.5	1,516.9	6.9	76.0	1,599.8	9.4	0.4	5.2	1.2	31.8	1,647.8
332.6	39.7	1,514.8	5.3	56.4	1,576.5	7.6	0.4	6.1	1.5	32.3	1,624.4
430.4	115.8	2,075.3	9.4	93.9	2,178.6	9.2	0.8	6.7	3.1	42.7	2,241.1
122.0	12.8	3,251.5	13.3	110.1	3,374.9	15.7	4.8	11.1	31.0	36.6	3,474.1
161.8	16.9	4,540.7	17.6	144.8	4,703.1	19.8	6.4	14.2	35.3	52.7	4,831.5
163.9	18.7	5,725.7	20.1	188.5	5,934.3	21.6	5.7	16.7	36.7	58.2	6,073.2
124.0	94.0	3,336.7	89.4	475.2	3,901.3	16.2	23.1	79.2	88.2	18.1	4,126.1
154.3	206.7	2,933.9	49.7	336.6	3,320.2	11.1	17.8	56.0	75.3	17.2	3,497.6
433.0	211.2	3,185.5	62.8	520.5	3,768.8	12.1	22.3	59.8	81.3	19.0	3,963.3
56.5	0.7	790.3	2.7	7.1	800.1	2.5	15.4	34.9	39.1	4.0	896.0
51.9	1.7	708.6	0.6	5.0	714.2	1.6	10.8	32.5	36.3	4.2	799.6
55.8	1.9	722.7	1.4	6.7	730.8	1.7	10.0	28.4	37.0	4.3	812.2
7,159.7	1,370.2	69,617.4	467.4	3,431.2	73,516.0	782.2	702.6	384.6	927.9	1,002.6	77,315.9
8,816.2	1,825.9	86,287.5	525.4	4,287.7	91,101.7	930.2	732.0	367.7	917.8	1,329.2	95,378.6
10,204.7	2,050.9	NA	622.0	5,927.5	109,094.9	1,013.6	870.4	490.8	941.2	1,567.5	113,978.4
101,173.5	4,536.2	613,910.5	5,685.4	24,306.8	643,902.7	17,102.3	13,608.9	18,662.5	30,403.2	27,281.1	750,960.7
106,653.5	5,660.2	753,969.1	7,159.9	27,250.4	788,345.5	22,516.6	16,325.2	18,229.7	37,117.5	37,533.6	920,068.1
131,127.9	6,489.3	NA	9,166.7	34,098.8	950,831.0	22,162.8	20,039.2	21,449.2	44,313.1	45,356.9	1,104,152.2

Appendix table 34--Agricultural exports by country, European Community and Other Western Europe, 1985-87 1/--Continued

Commodity	Year	SITC Codes		European Community						
		Major head-ings	Sub-head-ings 2/	Belgium-Luxembourg	France	West Germany	Italy	Nether-lands	Denmark	Ireland
----- Million dollars -----										
Beverages	1985	11		190.8	2,981.2	709.6	988.7	449.9	106.9	210.7
	1986			261.3	4,000.3	856.4	985.9	651.3	149.4	258.3
	1987			329.0	4,950.3	964.0	1,201.0	789.4	199.3	306.2
Nonalcoholic	1985		111	86.4	145.3	75.3	14.6	94.8	13.1	12.3
	1986			127.8	209.9	94.9	19.9	130.8	17.0	20.3
	1987			166.7	299.5	119.4	23.7	179.8	18.7	22.7
Wine	1985		1121	24.0	1,941.3	362.2	879.7	8.9	4.0	0.5
	1986			33.4	2,682.0	405.5	848.1	10.7	5.2	0.6
	1987			37.1	3,221.9	410.8	1,006.1	12.6	6.7	0.4
Tobacco, unman- ufactured	1985	121		19.9	21.3	23.3	91.6	52.2	4.5	0.4
	1986			23.9	30.7	31.5	112.5	77.9	6.3	1.9
	1987			55.4	28.4	41.5	99.9	81.4	9.5	0.4
Tobacco, manu- factured	1985	122		204.0	66.3	468.3	5.2	643.3	48.8	41.2
	1986			258.6	79.1	668.6	4.5	913.8	75.4	46.3
	1987			301.8	95.5	719.2	5.9	1,136.3	94.9	46.0
Hides, skins, and furs undressed	1985	21		82.5	337.4	200.7	68.9	238.9	342.5	61.6
	1986			92.4	361.8	260.8	63.5	282.7	420.8	95.3
	1987			102.3	438.8	287.3	64.1	320.2	664.2	114.6
Oilseeds, oil nuts, and oil kernels	1985	22		14.8	572.3	51.5	3.0	54.0	171.6	6.0
	1986			19.9	691.7	94.0	3.9	72.6	194.2	2.5
	1987			26.9	1,326.1	233.0	10.0	105.2	136.8	4.5
Natural rubber	1985	2311		0.4	9.2	4.6	2.6	1.8	--	0.1
	1986			0.8	8.7	5.6	2.3	2.2	--	0.1
	1987			0.6	12.2	8.2	2.3	3.8	0.2	--
Natural fibers	1985	261-		253.5	544.2	197.4	57.9	50.3	1.4	15.2
	1986	265		261.5	569.5	180.2	55.5	57.5	2.1	16.2
	1987			362.7	725.5	268.7	79.3	62.3	2.4	28.2
Crude animal & veg. matls. not elsewhere spec.	1985	29		167.5	280.4	380.1	226.2	1,732.7	292.8	37.0
	1986			238.1	375.6	530.1	295.5	2,464.8	399.0	58.9
	1987			269.5	442.2	632.5	479.6	3,149.6	503.0	66.7
Agricultural fats and oils	1985	4		423.3	414.1	953.3	301.3	878.3	131.4	17.0
	1986			343.4	295.8	774.8	328.3	690.1	126.5	14.0
	1987			337.3	301.3	737.0	360.0	683.0	107.4	15.3
Animal and vege table oils and fats, processe	1985		431	50.6	39.9	294.7	39.7	245.8	61.5	0.9
	1986			40.9	30.4	276.4	32.6	208.6	65.2	0.9
	1987			44.9	31.1	253.4	43.7	234.0	57.1	0.8
Total agricul- tural 3/	1985			5,904.0	16,710.7	10,196.5	6,116.5	14,725.1	4,791.8	2,642.9
	1986			7,492.3	20,215.0	13,182.6	6,814.6	18,691.7	5,936.0	3,313.2
	1987			9,107.5	24,098.8	15,323.5	8,084.2	22,461.5	6,830.8	4,383.6
Total exports	1985			53,316.4	97,456.5	183,333.9	78,943.4	68,282.4	16,469.0	10,399.2
	1986			68,649.0	119,070.6	242,403.9	97,815.0	80,554.8	20,558.4	12,603.7
	1987			82,951.0	143,076.5	293,789.4	116,582.3	92,881.8	24,696.8	15,970.4

'---' indicates none or negligible.

NA = not available.

1/ Intra-EC trade included in data.

2/ Components of major headings.

3/ Sum of all major headings.

Source: UN Trade Statistics 1982-1986. SITC is the Standard International Trade Classification revised.

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